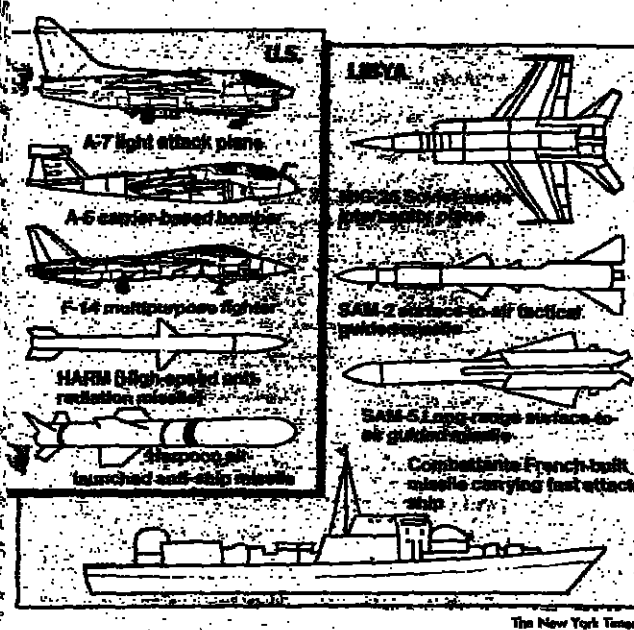


New Jet Tactics Against Libya



Some of the military hardware used in the conflict.

Pilots Kept Well Away From Targets

By Richard Halloran
New York Times Service
 WASHINGTON — In its air attacks on Libyan missile sites and naval craft, the U.S. Navy used new tactics that U.S. military analysts in and out of government say enhanced the safety of its pilots without reducing the effectiveness of its firepower.

In the clashes around the Gulf of Sidra, the analysts said Thursday, the navy used "standoff" tactics, with pilots staying away from their targets to fire guided missiles at military installations.

They also depended more on electronics to pinpoint these targets than in the past.

The tactics were developed after criticism of the performance of navy fighter planes in Lebanon in 1983. The criticism came from people within and outside naval aviation, including the navy secretary, John F. Lehman, a reserve aviator.

In Lebanon, navy aircraft flew to their targets and dove to drop bombs on enemy forces near civilian areas. The tactics were like those used more than a decade before in Vietnam.

Over the Gulf of Sidra, electronics played a key role in enabling U.S. aircraft to evade missiles fired at them and to hit the Libyan radar installations. The navy flew Prowler aircraft packed with electronics to determine, or "steal," Libyan radar frequencies so U.S. missiles could ride the beam down to the Libyan radar site and destroy it.

The EA-6B Prowler is a version of the Grumman A-6 bomber. In addition, the Prowlers jammed Libyan radar scopes so operators could not locate U.S. aircraft, and they scrambled Libyan communications. They emitted false radar signals to deceive Libyan ground controllers, making them shoot away from navy planes.

Electronic sensors aboard navy planes warned pilots when they were being "painted" by Libyan radar and when missiles had been fired at them, enabling them to give or make sharp turns to evade the rising missiles.

The advantage of the electronic warfare and the standoff tactics was that navy aviators were safer. The navy has said no flyers or aircraft were lost over the Gulf of Sidra.

In Lebanon, two navy planes were shot down. (Continued on Page 4, Col. 2)



The Cross Leads the Way in Jerusalem

Pilgrims making the stations of the cross Friday on Jerusalem's Via Dolorosa on their way to the Church of the Holy Sepulchre.

Crowds appeared thinner than in previous years. Shopkeepers said many were scared away by the tensions in the Middle East.

Senate Approves Rebel Aid

53-47 Vote Sends Nicaragua Issue Back to House

By Steven V. Roberts
New York Times Service
 WASHINGTON — The Senate has narrowly approved President Ronald Reagan's request to send \$100 million in aid to the guerrilla forces trying to depose the Sandinist government in Nicaragua.

The vote Thursday night was 53-47. Forty-two Republicans and 11 Democrats supported the president in what he has called one of the major foreign policy tests of his second term.

The request was opposed by 36 Democrats and 11 Republicans. The House of Representatives rejected an almost identical proposal on March 12 by a vote of 222-210.

House leaders have promised to reconsider the issue on April 15. A compromise that provides military aid to the rebels, who are known as "contras," is almost certain to be approved.

President Reagan, at his California ranch for the Easter holidays, said he was "deeply pleased" by the vote. United Press International reported from Santa Barbara, Calif., that the Senate approval of the aid package "is sure to send a profoundly reassuring signal to those fighting for freedom in Nicaragua and to Nicaragua's friends and neighbors."

In Managua, President Daniel Ortega Saavedra said the new aid marked a "crucifixion" of Nicaragua, and he warned that U.S. troops could "turn up dead" in Honduras. This also said the use of U.S. helicopters to ferry Honduran troops marked a serious escalation of the conflict.

"American helicopters, officials and advisers will be running the same risk as the contras," Mr. Ortega warned. "So it won't surprise us if tomorrow a U.S. helicopter turns up shot down by our combatants or if U.S. officials and advisers turn up dead."

To win passage of his aid request, Mr. Reagan agreed to a plan that would delay delivery of \$75 million for 90 days while diplomats seek a negotiated settlement to the fighting between the Nicaraguan government and the rebels.

The other \$25 million would go (Continued on Page 3, Col. 4)

Flyers Found SAM-5s To Be Tough Opponent

By Karen DeYoung
Washington Post Service
 ABOARD THE SARATOGA — The U.S. military "learned something we didn't know before" when Soviet-built SAM-5 missiles were fired at U.S. aircraft for the first time this past week, according to a senior Pentagon official.

One of a group of six air crew members who spoke on the ground that they not be identified by name described an incoming SAM-5: "It's typically a bright ball of fire," he said, "coming at you and it's getting brighter and brighter. You must do something, and you must do it very fast."

Admiral Kelso emphatically denied speculation in the U.S. press that the Americans wanted to provoke an attack by the SAM-5s, reportedly installed in Libya by the Soviet Union in December.

Admiral Kelso said that although there was no further launching from the SAM-5 site after the second U.S. missile hit, "my evaluation is that it has probably been repaired" and is again operational.

Flight crew members said they were particularly anxious to publicize what they said was the good performance of the HARM and Harpoon missiles. Deployed within the last several years, both were subjects of controversy in Washington because of high cost and questionable performance.

At the time the Libyans fired, Admiral Kelso said, patrolling U.S. aircraft were "70 or 80 miles" (112 to 128 kilometers) from the Libyan coast.

In Washington, Pentagon officials said Thursday that during the confrontation, the Libyans fired at least five SAM-5 anti-aircraft missiles and one SAM-2 anti-aircraft missile at U.S. planes. The New York Times reported.

[The officials said Thursday that U.S. planes were never seriously endangered by the missiles. They said that the SAM-5 missiles were most effective at a range of 75 miles or less and that U.S. planes were generally out of range.]

The combat in the Gulf of Sidra marked the first time that U.S. pilots jets have been fired on by the SAM-5, a relatively old missile that nevertheless remains a mainstay of Soviet air defenses. The missile has only been deployed outside the Soviet Union in Syria and Libya.

In Syria, SAM-5s performed poorly against Israeli-piloted aircraft in 1982, raising questions of the missile's capabilities. But officers here made clear that the weapons are a definite threat that must be taken seriously.

Admiral Kelso's comments Wednesday aboard this ship, one

IMF Sets Aside \$3 Billion for Poor Nations

By Hobart Rowen
Washington Post Service
 WASHINGTON — The International Monetary Fund has announced a new loan pool of \$3 billion to support growth-oriented economic programs in deeply depressed countries, largely in sub-Saharan Africa, over the next six years.

The interest rate will be only one-half of one percent. For the next three years, World Bank sources said Thursday, additional amounts for the same purpose will be provided as part of the next lending program of the International Development Association, the bank's loan-granting arm.

In welcoming the new aid for low-income countries with protracted balances-of-payments problems, James A. Baker 3d, the U.S. Treasury secretary, said it represented a major step in IMF and World Bank cooperation.

But the plan fell short of Mr. Baker's original proposal at the October annual meeting of the IMF and World Bank for a jointly administered special fund for these purposes. He withdrew his proposal, acknowledging that it had perhaps been "too innovative."

Opposition to the plan arose among the less-developed nations that feared it might jeopardize development money that they already were receiving. They also were concerned about the severity of loan conditions that they might have to follow in a jointly administered operation.

The IMF's money in the new plan will come from repayments into a trust fund that had been created from 1976 to 1981 from the sale of a portion of the fund's gold. According to the IMF, these "re-

flows" from the first loans will amount to roughly \$3.1 billion in the 1985-91 period.

The bank's contribution, to be administered separately, will be part of the projected IDA-8 program, assuming enough funds are contributed by participating nations.

In conjunction with the meetings of the interim committee and development-committee of the organizations, the U.S. Congress has not appropriated funds yet for an IDA-8 program.

If all elements of the proposal are worked out, the low-income countries would be receiving about \$1 billion in additional aid over the next three years, half from the IMF pool and half from the special donations to IDA.

The IMF said that 60 countries would be eligible to get loans from the new Special Adjustment Facility, but that China and India had said they would not use it, leaving all of the resources available to others on the list.

To tap the SAF, a country must present a "framework" for its policies and objectives, to be developed jointly with IMF and World Bank staffs. Countries whose proposals are approved will receive loans in dollars over three years, equal to 47 percent of their own quota in the fund — 20 percent in the first year.



Dr. Lowell J. Levine, forensic consultant with the New York State Police, displaying dental X-rays in São Paulo.

Mengele Identified With 'Certainty'

Scientists Say Dental X-rays Prove Remains Are His

By Alan Riding
New York Times Service
 RIO DE JANEIRO — U.S. and Brazilian scientists have announced that dental records, recently discovered after some difficult detective work, provided definitive proof that a skeleton exhumed near São Paulo last year was that of Josef Mengele, the Nazi war criminal.

In a statement, they said that the remains that were linked to Dr. Mengele "with reasonable scientific certainty" in June 1985 could now be identified "with absolute certainty."

Dr. Lowell J. Levine, a consultant with the New York State Police, who signed the statement with Dr. Carlos F. Valerio, a Brazilian forensic expert, said the dental records matched X-rays taken last year of the teeth of the skeleton.

The absence of dental records helped feed conspiracy theories

suggesting that the body was not that of Dr. Mengele and that he might still be on the run. The remains were exhumed June 27 in a graveyard at Embu, 17 miles (27 kilometers) from São Paulo.

The dental records were discovered March 21 when the U.S. consul general in São Paulo, Stephen E. Dachi, and a vice consul, Fred Kaplan, were able to locate Dr. Mengele's dentist from obscure references in his diary.

The United States, West Germany and Brazil had accepted the previous evidence that Dr. Mengele lived in Brazil from 1961 until his death in 1979, Israel, which had refused to endorse the previous findings, reserved judgment on the new dental evidence.

Dr. Mengele was sought because he had selected thousands of "inmates in the Auschwitz death camp for the gas chambers and had used prisoners for cruel and bizarre pseudoscientific experiments." The Brazilian national police chief, Romeu Tuma, who headed last year's investigation, said Thursday in São Paulo that the case was now closed.

Reports on Waldheim Evoke Anger in Austria

VIENNA — Allegations that Kurt Waldheim, the former United Nations secretary-general, was involved in Nazi war crimes touched off a bitter reaction in Austria on Friday against his accusers in the World Jewish Congress.

Austria's conservative party newspaper criticized the group for ignoring "Jewish terror" while leveling the accusations against Mr. Waldheim.

President Rudolf Kirchschläger, meanwhile, warned against a resurgence of anti-Semitism in the nation. "You wouldn't have any X-rays, would you?" Mr. Dachi said. "Mengele had told Mrs. Bossert that he went to a Japanese dentist because, he said, all Japanese 'looked alike' and so Japanese could not tell one white from another. But he never told Mrs. Bossert the name of the dentist."

13 Hindus Are Killed In Sikh Militant Attack

By Sanjoy Hazarika
New York Times Service
 NEW DELHI — Sikh militants killed at least 13 Hindus on Friday and wounded 20 in attacks in the Punjab city of Ludhiana.

The city was put under a curfew. The killings pushed the death toll this month in the state to at least 80, making March the bloodiest month in Punjab state since the summer of 1984, when the Indian Army killed hundreds of militant Sikhs.

More than half of the 80 victims were killed this week, and an Indian official said the situation was reminiscent of that two years ago before the army crackdown.

At least one person was killed in a separate incident Friday at Nakodar when police fired on protesters who violated a curfew. Tension was also reported from near the state capital of Chandigarh, where Sikh radicals attacked government buses and roamed through the local bazaar waving swords.

In Friday's incidents at Ludhiana, a city official said in a telephone interview that terrorists armed with automatic weapons fired indiscriminately at people exercising and playing at a public park.

The victims included members of a fundamentalist Hindu group. The gunmen then were said to have shot at another group near a bridge before fleeing. Various reports put the number of militants at between four and six. They reportedly escaped on a motorcycle and a scooter.

News reports from Chandigarh also said the Indian Army was placed on alert in the state. Prime Minister Rajiv Gandhi, fearful that the latest violence could undermine the accord worked out last year with moderate Sikhs, met with his cabinet and later sent two top aides to Chandigarh to assess the situation.

Last year's agreement sought to end three years of bitter confrontation between the Sikhs and the Indian government. "We will help the state government in every possible way to fight terrorism," said Ram Niwas Mirdha, the minister of state for home affairs in an interview Friday night.

Mr. Mirdha said the moderate Sikh leaders of the Akali Dal Party were realizing that their "own exis-

INSIDE



Georges Besse, chairman of Renault, announced 1985 losses of \$1.5 billion. Page 7.

GENERAL NEWS

■ Ferdinand E. Marcos was accused of diverting more than \$1 billion from the Philippine sugar industry. Page 2.

■ Safety standards on U.S. airlines are declining, a study found. Page 4.

ARTS/LEISURE

■ The dearth of good impressionist works is a boon to little-known artists. Page 5.

BUSINESS/FINANCE

■ The U.S. index of leading indicators, a barometer of future economic activity, rose 0.7 percent in February. Page 7.

Most of Europe's Clocks Gain an Hour Sunday

PARIS — Clocks will be moved ahead early Sunday morning in Eastern and Western Europe, as most European nations switch to summer time.

The formal moment of change Sunday is 1 A.M. Greenwich Mean Time, or 2 A.M. European time, when clocks are moved ahead one hour.

In Britain, for example, clocks go ahead at 1 A.M. to read 2 A.M., putting Britain one hour ahead of Greenwich Mean Time, or GMT. The rest of Western Europe, and Eastern Europe except for the Soviet Union, moves from 2 A.M. to 3 A.M. to be two hours ahead of GMT. In Europe, only Iceland does not change time.

The United States and Canada go on daylight time at 2 A.M. Eastern time on April 27, putting their eastern coasts four hours behind GMT.

Far Eastern countries and most tropical and equatorial nations do not use daylight saving time. Clocks remain on standard time in most of Asia, Africa and Central and Latin America.

For the past two years, Egypt has not changed because the holy month of Ramadan, during which Moslems fast from dawn until dusk, currently falls in summer.

Chile went off summer time March 9, with the approach of winter in the southern hemisphere. Clocks there moved back one hour to be four hours behind GMT, while Australia's three time zones went back one hour March 19.

Europe will return to winter time early on Sunday, Sept. 28, turning clocks back an hour, except for Britain and Ireland, which do not switch back until Sunday, Oct. 26. The United States and Canada also switch back Oct. 26.

Ethiopian Rebels Kill 2 in U.S. Aid Program

By Blaine Harden
Washington Post Service

NAIROBI — In the first direct attack by rebel soldiers against relief workers in Ethiopia, two employees of the American relief agency World Vision were shot to death early this month in the dining room of their residence compound in the northern town of Alamata.

Western diplomatic sources said the attack marked the beginning of a guerrilla offensive by the Tigre People's Liberation Front, or TPLF, a well-armed, highly disciplined rebel army that has been fighting for more than a decade in northern Ethiopia against the Addis Ababa government.

According to these sources, who are in contact with the rebels, the group has warned since the Alamata shooting that it does not want Western relief workers in its



area and that it will continue to attack them.

The warning threatens an effort by the U.S. Agency for International Development to feed 270,000 famine victims by moving food north beyond government-controlled territory into a region contested by the Tigre rebels.

"It appears that the TPLF does not want its people to get food

from the government side," Fred C. Fischer, chief AID official in Addis Ababa, said Friday. He said AID's program in Tigre, which is carried out by World Vision, is temporarily "on hold."

While food supplies in northwestern Tigre are adequate at the moment, Mr. Fischer said it was likely that the area would need large shipments of food aid in late April and May to avoid widespread famine. There is plenty of relief food in Ethiopia, he said, but it cannot be safely transported to the people who need it.

The Alamata attack, which has received almost no publicity outside of Ethiopia since it occurred three weeks ago, was denounced Thursday in Washington by an AID spokesman who called it "outrageous and indefensible."

The March 8 killing of the two World Vision workers, both of whom were Ethiopian nationals,

puts the U.S. government in an awkward and politically embarrassing position.

For at the same time as it is distributing food through World Vision in Ethiopia, AID is also working in Sudan to distribute food "through the back door" to famine victims in rebel-held parts of Tigre.

According to a Sudan-based official for the Relief Society of Tigre, an arm of the Tigre People's Liberation Front, that distribution is handled for the U.S. government through the American-based Lutheran World Relief organization. Lutheran World Relief, in turn, turns American food over to the Zanfir Society of Tigre, which trucks it across the Sudan border into rebel-held areas of Ethiopia.

The U.S. connection to the Tigre People's Liberation Front has been quietly tolerated by Ethiop-

an government officials for more than a year.

In a statement on the Alamata shooting, the rebel group has said that the death of the two World Vision workers was an accident that occurred when they were caught in cross fire between rebels and government soldiers.

World Vision and AID officials in Addis Ababa, however, said Friday the killings were deliberate and that there were no government soldiers within 20 miles (30 kilometers) of the incident.

"It is clear that the TPLF knew who they were killing," Mr. Fischer said. "They were in a World Vision compound. They went into the World Vision dining hall. All the people identified themselves as World Vision employees and they systematically shot them."

The dead were two women, a nurse in her mid-50s and a nutrition assistant in her mid-20s.

Marcos Tied to \$1-Billion Sugar Fraud

By William Branigin
Washington Post Service

MANILA — Investigators looking into the Philippine sugar industry have concluded that associates of Ferdinand E. Marcos diverted more than \$1 billion from sugar producers over the last decade, according to a document prepared for the government of President Corason C. Aquino.

The findings indicated that the sugar industry was one of the major sources of funds removed from the Philippine economy during Mr. Marcos's 20-year rule.

The initial findings were assembled by a team from the sugar industry working under the auspices of the revamped Philippine Sugar Commission, known as Philsugar.

A four-page summary of the findings lists 21 areas of "anomalies" in the industry that are said to have resulted in losses of at least \$1.15 billion from 1975 to 1984.

The summary lists the main beneficiary of the "anomalies" as National Sugar Trading Corp., essentially a trading monopoly, it was established by Mr. Marcos in 1974 and headed by a close associate, Roberto Benedicto.

Investigators said they believed the funds extracted from the sugar industry represented one of the largest single sources of billions of dollars alleged to have been channeled abroad by Mr. Marcos, his family and associates.

The industry also was used as a source of "political payoffs" to a broad range of people whom Mr. Marcos wanted to reward, including politicians, military officers and even Moslem rebels who surrendered, as well as to his relatives and friends, the investigators said.

During the inquiry, investigators said they looked into activities of General Fabian C. Ver, the former armed forces chief of staff; Pacifico Marcos, the former president's brother; Mr. Marcos's wife, Imelda; and another close associate, Antonio Florendo, whom they said they believed benefited as middlemen in the sugar-trading monopoly.

They said Mrs. Marcos was a silent partner with Mr. Florendo in a New York sugar refinery, Republic Sugar Corp., that made millions of dollars by underpaying for Philippine sugar.

The "plundering" of the sugar industry, as it is being described by one government official, has assumed a significance beyond the loss of a huge amount of revenue over the years, according to industry and government officials.

It is seen as a factor in the industry's severe depression, which was compounded by low world prices. The result has been widespread unemployment affecting as many as half the country's 600,000 sugar workers, malnutrition that has claimed the lives of hundreds of

children on the sugar-producing island of Negros, and a dramatic growth of Communist insurgency in sugar-producing areas.

While drastic decreases in the world sugar price in recent years would have caused a major scaling-down of the Philippine sugar industry in any event, critics of the Marcos government have long contended that most of the dislocations of the current crisis probably could have been avoided if not for damage they attribute to Mr. Marcos and his associates.

Manipulation of the sugar industry "has a direct connection" with the poverty, hunger and rebellion on Negros, said Mary Concepcion Bautista, a member of a presidential commission investigating Mr. Marcos's wealth.

According to Fred J. Elizalde, a former Marcos appointee to the government sugar-trading monopoly, the ravaging of the sugar industry took place largely during the late 1970s. Mr. Elizalde is officer-in-charge of the Philippine Sugar Commission under the Aquino government.

Investigators say the major beneficiary of the frauds, Mr. Benedicto, is a former law school classmate of Mr. Marcos who was appointed to head Philsugar in 1977.

Government investigators say that Mr. Benedicto fled about the same time as Mr. Marcos and is

believed to be in the United States. Philsugar was created by Mr. Marcos to promote the development of the sugar industry by consolidating all sugar-related governmental and regulatory functions under one agency.

In 1974, Mr. Marcos also decreed the establishment of Philippine Exchange Co., called Philx, to act as the country's single sugar-trading arm. The decree permitted Philx to collect commissions from sugar producers amounting to 2.5 percent of gross sales and to put profits into a special government fund "subject to the disposition of the president for public purposes."

In 1977, Mr. Marcos issued another presidential decree creating National Sugar Trading Corp., known as Nasutra. Also headed by Mr. Benedicto, Nasutra then took over the sugar-trading functions of Philx as the sole agency for buying and selling the commodity.

Around the same time, an allocation system was established in which sugar for the domestic market was allocated, essentially by Mr. Marcos, to industrial users and "preferred" traders, according to industry sources.

Meanwhile, Philsugar gained control of the bankrupt Republic Bank, establishing it as Republic Bank to provide financing for the sugar industry. It also acquired sugar refineries under a subsidiary to consolidate control.



Roberto Benedicto

According to the findings, one major source of losses was a "longer marketing chain" created by the monopoly, in which "paper traders" were favored with allocations empowering them to buy and sell sugar. Often they simply sold their rights to actual traders at a markup. The summary estimated total losses from this practice at \$204 million from 1975 to 1984.

By and large, these were straight handouts to favored people, said one sugar industry official. "They were political payoffs, a way of keeping his people happy. These were people Marcos needed to maintain political power."

South Africa Threatens New Steps to Halt Unrest

Reuters

JOHANNESBURG — South Africa said Friday that it would take stronger action against "barbarous radicals" unless there was a decrease in unrest that has claimed 1,400 lives in two years.

The state-run radio station carried the warning after a black policeman was killed and set on fire overnight. He was the 33rd police victim since February 1984.

"The South African government is not going to be toppled undemocratically by anarchists or anyone," the broadcast report said. "It is too powerful and strong for revolutionaries and their foreign backers," it said, referring to one point to the Soviet Union.

The report was carried by Radio RSA, the external service of the South African Broadcasting Corp. It said, "If black communities continue to prove themselves unable to put barbarous radicals in their place, the government will sooner or later be forced to use its might to assist the vast majority of moderate blacks to end the unrest."

The policeman was killed and his body set on fire at Tembisa, near Johannesburg, police said.

Radio RSA said Pretoria had used its security forces to only a limited extent so far but that black communities appeared so intimidated by radicals that they were unable to end the violence without stronger support.

The radio report said ending the unrest would pave the way for constructive negotiations with blacks without the disruptive influence of what it called the Soviet Union's "terrorist tools wielded by barbarous radicals."

Christians in Lebanon Ask U.S. Help

The Associated Press

BEIRUT — Leaders of the Lebanese Forces militia accused the Syrian Army on Friday of bombing Christian areas and urged U.S. and Arab League intervention to halt what it called massacres.

In statements issued in Beirut and Washington, the Christian militia said that Syrian artillery had pounded Christian sections of East Beirut and more than 30 villages in the central mountains for six hours on Thursday, killing 12 persons and wounding 27.

The militia called on the Arab League "at once to stop the Syrian aggression" and, in Washington, urged "the free world, especially President Reagan, to intervene to stop this massacre."

Fighting broke out again Friday in Beirut and the central mountains, but the police said it was less intense than on Thursday. There were no immediate reports of casualties in the fighting Friday.

In Christian-dominated East Beirut, residents came out of their basements Saturday to inspect dozens of cars, apartments and offices wrecked by the hail of hundreds of Soviet-made rockets and shells.

The attack had eased Thursday night although no official cease-fire had been called.

The militia accused Syria of "transforming Lebanon into a launching pad of terrorism against its own people as well as sister and friendly countries."

It was the militia's harshest criticism of Syria since the Christians discovered a Syrian-backed pact to end Lebanon's 11-year civil war in mid-January.

Meanwhile, President Amin Gemayel of Lebanon left Beirut unexpectedly for Austria on Friday in what officials described as a private visit. They declined to provide details.

WORLD BRIEFS

Goukouni Refuses Talks on Chad War

PARIS (AFP) — Goukouni Oueddei, the former Chadian leader, will not take part in talks in the Congo with President Hissène Habré aimed at ending the country's 20-year civil war, a representative of Mr. Goukouni's rebel alliance said here Friday.

Abderrahman Moussa, the Paris spokesman for Mr. Goukouni's Libyan-backed Transitional Government of National Union, said the deposed president had refused to attend the talks unless the Organization of African Unity condemned France's most recent intervention in favor of Mr. Habré's administration.

He said that in order for the conference to take place, the alliance was "waiting for the Organization of African Unity to denounce clearly French intervention in Chad and not to support it through its silence."

Mr. Habré, who drove Mr. Goukouni from power in 1982, arrived in Brazzaville on Thursday for the talks, scheduled to take place this weekend in the southern Congolese town of Loubouma.

Stevenson Won't Run as Democrat

CHICAGO (LAT) — Adlai E. Stevenson 3d has said he will seek the Illinois governorship as an independent candidate, not as a Democrat, to avoid being on the same ticket with two extremists who won upset victories in the recent state primary election.

Mr. Stevenson said Thursday that he planned to use the courts or legislation to seek a change in Illinois election laws, which require independent candidates to have filed to run by last December. If he fails in that attempt, Mr. Stevenson said, he will run as a third-party candidate rather than share a ticket with party members whom he and other Democratic candidates referred to as "these bizarre, extremists."

The announcement Thursday was designed to bypass the candidacies of Mark J. Fairchild and Janice Hart, supporters of Lyndon H. LaRouche Jr., an extremist. In the March 18 primary voting, they defeated Mr. Stevenson's hand-picked candidates for lieutenant governor and secretary of state. Illinois law requires each party's nominees for governor and lieutenant governor to run as a team.

Consultations on SDI Pact Arranged

FRANKFURT (Reuters) — Economics Minister Martin Bangemann said Friday the United States had agreed to establish consultation centers in Bonn and Washington to deal with any "difficulties which might crop up" with a new agreement to join in research on the U.S. space-based missile defense program.

West Germany on Thursday became the second U.S. ally, after Britain, to formally agree to take part in the U.S. Strategic Defense Initiative, or SDI. The pact includes a general agreement on participation by West German industry in SDI research and an agreement on technology sharing, Mr. Bangemann said.

He said the agreement meant that West German companies involved in the research would be on an equal footing with their U.S. counterparts and that legal rights, such as patents, would be fully observed.

U.S. Cuts Off Nonfood Aid to Sudan

WASHINGTON (AP) — Most U.S. aid to the Sudan has been cut off since February because that country has not been able to meet its loan repayment commitments to the United States, it was disclosed Friday.

A State Department spokesman, Charles E. Redman, said planned aid for 1986 totaled \$152.8 million. Of that, \$50 million in food aid has not been suspended because it is considered emergency assistance and is exempted from U.S. regulations governing aid cutoffs, Mr. Redman said. Mr. Redman also said it was "most unlikely" for the Sudanese government to have called on Libya to assist the government in putting down a rebel movement in southern Sudan. After several recent reports, he said, Libya bombed the town of Rumbek at Sudan's request. Rumbek was taken early in March by southern rebels, who receive support from neighboring Ethiopia.

Police Office in Japan Is Attacked

TOKYO (AP) — Three homemade missiles were fired Friday at police headquarters in Osaka but they failed to explode, the police said. The van from which the projectiles were fired exploded and burned about 300 yards (90 meters) from the police headquarters, officials said. Witnesses said they saw a man walk away from the van about 30 minutes before the missiles were launched.

On Tuesday, homemade missiles struck the U.S. Embassy and the Imperial Palace in Tokyo. A leftist group, the Battle Flag faction, on Friday claimed responsibility for those attacks, in which no one was injured. The police said they believed the attacks were designed to disrupt the May 4-6 Tokyo summit meeting of industrialized nations and April 29 celebrations marking Emperor Hirohito's 60-year reign.

Czechoslovak Presidium Re-elected

PRAGUE (Reuters) — A five-day congress of the Czechoslovak Communist Party ended Friday with the re-election of the same leadership that has ruled for 15 years.

The 11-member party presidium was re-elected in a closed session Thursday night. There appeared to have been no opposition to the re-election of Gustav Husak, 73, the party's secretary-general. The Prague leadership was closely associated with Leonid I. Brezhnev, the Soviet leader whose rule has been denounced by Mikhail S. Gorbachev. Mr. Gorbachev succeeded Yuri V. Andropov, who assumed the Soviet leader upon Brezhnev's death.

For the Record

President Chaudhry Benazir of Algeria left Moscow on Friday after a visit described in a communiqué as cordial and friendly. (Reuters)
The U.S. Air Force said Friday it is canceling a \$3.5-billion program to build a new T-46 jet trainer. It cited cost, schedule delays and manufacturing problems. Fairchild Republic Co. said that because of the cancellation it might have to close its plant on Long Island, New York. (AP)

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Troubled Times for Korean Graduates

Scarcity of White-Collar Jobs Stirs Protests, Frustration

Reuters

SEOUL — One year after leaving college, Kim Ho Gil, 23, a graduate in psychology, still cannot find a white-collar job and drives a taxi in Seoul.

"I'm still looking for a worthy profession," he said, "but I'm happier than some of my classmates who are jobless."

Mr. Kim is typical of thousands of Korean college graduates who have been unable to find suitable work due to Seoul's slowing economy and rising unemployment.

Some with top degrees are working as shopkeepers, gas station attendants, waiters, textile workers or construction workers — jobs they previously would have spurned.

When a company in Seoul offered 160 graduate openings in November, more than 8,000 people applied.

Job-seeking graduates criticize the government for increasing the number of college students in recent years under the so-called "graduation quota" system, which allows universities to enroll up to 130 percent of capacity.

The excess students drop out for poor performance before completing their courses and further aggravate the unemployment situation. The nation's opposition says the quota system, introduced in 1981, is designed to curb demonstrations

by radical students who call President Chun Doo Hwan a dictator.

Last year alone, about 30,000 out of more than 110,000 new graduates were unable to find jobs, officials say. The ratio of graduate employment has dropped to 64 percent from 84 percent in 1982.

Government figures show that 570,000 — more than 20 percent of them graduate students — in South Korea's work force of 16 million are out of work.

Financially troubled companies laid off nearly 100,000 employees last year, a quarter of the total blue-collar workers in the nation.

The unemployment rate rose to 4 percent of the work force in 1985, from 3.8 percent in 1984.

The lowest-paid among those who have work receive less than 100,000 won (about \$110) a month. Student opposed to the government have tried to force alliances with workers to exploit their discontent.

According to the Labor Ministry, violent worker protests more than doubled last year to about 250. These actions included sit-ins, arson to company and government property, and street clashes with the police.

Students have held many protests to back demands for the repeal of "repressive" labor laws. Strikes are virtually banned, with

many trade unions controlled by the government.

Protesters could face up to seven years in prison.

The recently appointed deputy prime minister, Kim Mahn Je, who is in charge of economic planning, said the government would give top priority this year to reducing unemployment.

It already has moved up \$1.5 billion worth of public works projects.

Mr. Chun's Democratic Justice Party is studying ways of easing labor curbs to help reduce protests. "The problem is that left-wing and pro-Communist students are infiltrating less privileged industrial labor to fan social instability," a Labor Ministry official said.

South Korea considers as employed anyone who works at least one hour a week by International Labor Organization standards. The country plans to join the organization in a few years by improving some labor conditions, including allowing a minimum wage system by 1991.

The nation failed to achieve its main economic targets last year. Growth slowed to an estimated 4 percent to 5 percent compared with the originally forecast 7.5 percent.

It projects growth of 7 percent this year to help create enough new jobs annually for 400,000 to 500,000 people.

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Japanese Try Philanthropy to Change Image in U.S.

The Associated Press

NEW YORK — Japanese corporations have found that it is often better to give in the United States than at home. They have been pumping money into American universities for research with important commercial potential.

For instance, Japan's Toshiba Corp. is funding work at the University of Arizona on digital radiography, which carries computer technology to X-ray equipment for detailed medical diagnoses.

At the Georgia Institute of Technology in Atlanta, two Japanese companies are supporting development of a synthetic material that could improve the catalytic converter in automobiles.

The number of Japanese-funded research projects has risen sharply in recent years despite concern in some quarters that American universities are abetting foreign competitors of U.S. industry.

Japanese corporations have turned to philanthropy to improve their image in this country and because American tax laws encourage giving. Laws in Japan impose a 60-percent tax on such contributions.

Typically, a foreign company supports the research in exchange for licenses to capitalize on the results.

The head of the research team at Georgia Tech, Dr. Tudor Thomas, declined to discuss details of his contract with Toray Industries Inc., and Toyo Soda Manufacturing Co.,

each of which contributed \$40,000 to his research.

Toshiba has invested \$3.5 million in the Arizona project and has the right to market the equipment that might be developed, said Paul Capp, who heads the department of radiology on the Tucson campus.

This kind of contract worries U.S. industry, according to Kenneth Smith, vice presi-

dent for research at the Massachusetts Institute of Technology.

"American businesses, especially those in electronics, are extremely wary of the competitive edge any foreign companies might obtain as a result of their investments in U.S. universities," he said.

Steve Bacon of the Research Corporation in Tucson, a nonprofit organization helping universities market results of their research, says the gap between funds needed for research and funds available is as much as \$4 billion.

Mr. Capp said it was nearly impossible to undertake a research program at a university without outside financial help.

Some schools, including MIT and Johns Hopkins University, are setting up permanent offices in Tokyo to seek funding, he said.

Georgia Tech has hired Nishio Iwai, one

of Japan's giant trading companies, to represent the school in soliciting funds from other Japanese companies. Nishio Iwai takes a 10-percent commission, according to Lowell Netherton, Georgia Tech's vice president for research.

Besides funding scientific research, the Japanese also have contributed millions of dollars to philanthropy in the United States in recent years.

Realizing that they have an image problem, the Japanese are trying to improve their image and promote cultural understanding by establishing "professorships" at universities and nonprofit foundations in the United States, according to Ronald Aqua of the U.S.-Japan Foundation.

Japan registered a trade surplus of \$30 billion with the United States in 1985. With protectionist sentiment rising in Congress, Japanese corporations do not want to be seen solely as "commercial exploiters," Mr. Aqua said.

"The Japanese contribution to philanthropy in this country more than tripled in the last two years from an estimated \$27 million in the 1982-83 period," said Craig Smith, who edits a monthly newsletter, Corporate Philanthropy Report.

"The amount has not yet reached an alarming proportion, to be sure," Mr. Smith said in a telephone interview from San Francisco. "Nevertheless it is remarkable when you consider the concept of philanthropy is completely alien to the Japanese."

The total amount of Japanese support for research in the United States is unknown, but Peter Kamura of the Japan Center for International Exchange says it amounts to millions of dollars a year.

The center was set up to promote ties between U.S. organizations and business and charitable interests in Japan.

"You run into a lot of American university

presidents in Tokyo's Okura Hotel these days," said Mr. Kamura, the center's representative in New York. "They are there to set up meetings with Japanese businessmen to solicit funds."

The procession of university administrators to Tokyo began after former Prime Minister Kakuei Tanaka visited the United States in the 1970s and gave \$

Nicaraguan Clerics Square Off

Cardinal, Foreign Minister Dispute U.S. Aid to Rebels

By Stephen Kinzer
New York Times Service

MANAGUA — Nicaragua's

most controversial Roman

Catholic cleric has been exchang-

ing insults in recent days, using

one of the strongest language yet

in the continuing conflict be-

tween the Nicaraguan government

and Roman Catholic bishops.

The foreign minister, the Rever-

end Miguel Obando y Bravo, was

etraying his country and his

church by refusing to condemn the

rebel insurgency.

Cardinal Obando y Bravo, in

turn, suggested that Father d'Es-

coto was a devil sent to divide Ni-

caraguan Catholics.

The question of religious free-

dom in Nicaragua has been heat-

ed in the United States in re-

cent days amid debates in Con-

gress on providing military and

other aid to Nicaraguan rebels.

Cardinal Obando y Bravo said

church was not free in Nicara-

gua, and that President Ronald

Reagan, among others, has offered

imperial support. But the govern-

ment Sandinistas deny that they re-

ject religion.

Father d'Escoto, speaking in a

television interview Wednesday

evening, said that only Cardinal

Obando y Bravo, who is widely

respected in Washington, could

persuade the U.S. Congress to re-

ject aid for anti-Sandinista re-

bels.

The cardinal's refusal to reject

aid to Congress, Father d'Escoto

said, makes him "the principal ac-

complice of aggression against our

people."

Obando repeats the slogans of

the United States government,"

said the foreign minister. "He is on

the side of the imperialist aggres-

sor."

Cardinal Obando y Bravo re-

sponded Thursday morning at a

Mass before more than 5,000 cheer-

ing people in the gymnasium of a

Catholic high school.

"The devil can come in the form

of people who want to divide the

church," the cardinal said in what

was taken as a reference to Father

d'Escoto. "The devil can walk

among us in disguise, like a lion

hunting for meat. The devil comes

with lies or half-truths."

The loudest outburst of applause

came when Cardinal Obando y

Bravo said he was equally con-

cerned with the suffering of sol-

diers on both sides of the Nicara-

guan conflict.

"We appeal on behalf of those

who are dying," he said, "whether

they are from the Sandinista Front

or from the other side, because they

are Nicaraguans and we love them

all."

Apparently as a show of church

unity in the face of government

pressure, Cardinal Obando y Bravo

was accompanied by more than 50

priests from the Managua diocese.

Among them were several who are

considered sympathetic to the

"people's church" with which Fa-

ther d'Escoto is associated.

In Nicaragua, the "people's

church" is made up of lay people

and religious workers sympathetic

to the Sandinista government.

Many, like Father d'Escoto, do not

accept Cardinal Obando y Bravo's

authority.

Father d'Escoto was suspended

from performing his priestly duties

last year after refusing a Vatican

order to resign his post as foreign

minister. He said Wednesday night

that he had been suspended "for

refusing to betray my people."

The cardinal's refusal to con-

demn the rebel movement, Father

d'Escoto said, was "a situation of

sin much greater than that created

by any canon law."

Cardinal Obando y Bravo and

another Nicaraguan prelate, Bis-

hop Pablo Antonio Vega, visited

Washington during the first weeks

of the debate over Mr. Reagan's

request to send \$100 million to re-

bel forces. Sandinista officials ac-

cused them of being there to urge

passage of the aid, which both bis-

hops denied.

"If they don't speak out," Father

d'Escoto said of the bishops, "they

are responsible for the killing of

our people."

In the last year, Father d'Escoto

has emerged as the cardinal's principal

religious adversary.

Last summer, Father d'Escoto

urged Nicaraguan Catholics to join

an "evangelical insurrection" aimed

at changing the position of

church leaders. He fasted for a

month to dramatize his appeal for

an end to U.S. interference in Nicara-

gua. This month he took a leave

from the Foreign Ministry to lead a

two-week "march for peace and

life" through northern Nicaragua.

Last week, the bishops issued a

statement asking the government

to clarify "whether what the for-

eign minister is saying is the official

position or a personal opinion."

Father d'Escoto replied Wednes-

day night, saying he was speaking

"in my role as a priest."



Miguel Obando y Bravo



Miguel d'Escoto Brockmann

Senate Approves Aid for 'Contras'

(Continued from Page 1)

immediately to the contras and

could be used for nonmilitary pur-

poses, such as food, and for defensive

weapons, including anti-air-

craft missiles.

The vote was applauded by Sena-

tor Richard G. Lugar, a Republi-

can of Indiana who is chairman of

the Senate Foreign Relations Com-

mittee.

Mr. Lugar said it would increase

pressure on the Sandinistas to nego-

tiate with the insurgents and to

respect the rights of their neigh-

bors.

But Senator Jim Sasser, Demo-

crat of Tennessee, sharply dis-

agreed.

"I think," he said, "it takes us

farther down the road to the inter-

vention of American military

forces."

In a related development, the

Reagan administration said that as

long as Honduran troops stayed

near their border with Nicaragua,

U.S. Army helicopters would re-

main at their disposal to fly in

weapons, ammunition, food and

other supplies.

Under the plan approved by the

Senate, the remaining \$75 million

in aid would be released at the end

of the 90-day period if the presi-

dent certified that the Sandinistas

had not bargained in good faith.

Congress could disagree with his

judgment and pass a resolution

blocking the funds, but it would be

subject to a veto. Opponents of

granting the aid would need a two-

thirds vote in both houses to over-

ride the veto.

■ Further Compromise Seen

A House Democratic leader said

Friday that Mr. Reagan would

Honduran Soldiers Show Bodies, Confirm Reports of Border Conflict

By James LeMoyné
New York Times Service

CAPIRE, Honduras — Eight

Honduran peasants have told of

heavy fighting near here between

Nicaraguan and Honduran soldiers

and showed reporters five bodies

that they said were Nicaraguan sol-

diers killed in fighting a few miles

inside Honduras.

The peasants' accounts on

Thursday, along with the bodies,

were the first direct evidence that

journalists have been able to gather

to support official accounts that a

large Sandinista force attacked Ni-

caraguan guerrilla bases near here

Sunday.

In Managua, meanwhile, the

government said its army had in-

flicted heavy losses on rebel forces

and had destroyed several base

camps in the past two weeks.

Tolentino Saez, a 45-year-old

peasant, said the fighting lasted

five days. "They say there are many

dead and wounded."

"They bombed and rocketed for

three days starting on Saturday,"

said Miguel Abram Soriano, 11.

"The people ran because they say

the Sandinistas entered."

The tiny community of Capire is

within three miles (about five kilo-

meters) of the Nicaraguan border

and 10 miles of two large Nicara-

guan guerrilla camps.

Peasants pointed in the direction

of the camps when they described

where they heard sounds of heavy

combat in recent days.

A communiqué from the Nicara-

guan Defense Ministry about at-

tacks on rebel camps did not spec-

ify whether the actions took place in

Nicaragua or in Honduras.

In the past, Nicaragua has main-

tained that all important rebel base

camps along the northern border

are in Honduras. Many diplomats

and other neutral observers in Ma-

nanagua agree.

The Defense Ministry said that

Sandinista troops had killed 350 re-

bels in a two-week period. It said 40

Sandinista soldiers were killed.

The U.S. Embassy in Tegucigal-

pa provided two helicopters to fly

journalists to Capire to gather ac-

counts of what Reagan administra-

tion officials say was a coordinated

attack by more than 1,000 Sandin-

ista troops against the two guerrilla

bases.

The fighting was said to have

taken place in a region 15 to 20

miles east of the Honduran town of

Las Trojes, in an area that pro-

trudes into Nicaragua.

On Thursday about 15 U.S.

Army helicopters completed carry-

ing 500 to 600 Honduran troops to

the border zone, according to Gen-

eral John Galvin, commander of

U.S. military forces in Latin Amer-

ica. The general was boarding a

helicopter to leave the area when

the journalists landed.

"United States forces have done

a good job in getting the Hondur-

ans here," he said. "It remains to

be seen what else they need."

Five American soldiers were run-

ning the landing zone.

The five bodies shown to report-

ers appeared to be of men in their

20s and early 30s. They were wear-

ing bloodstained camouflage uni-

forms that appeared to be of the

kind worn by Sandinista forces.

The bodies had several bullet

Diplomats Say Qadhafi Gained Ground Among Arab Leaders, At Home

By John Kifner
New York Times Service

TRIPOLI, Libya — Arab and Western diplomats here say that Colonel Moamer Qadhafi's confrontation with the United States may ultimately help the Libyan leader improve his declining political stature in the Arab world.

In the almost universal view of diplomats in Tripoli, the Reagan administration's tactic of sending the largest naval fleet since World War II into the waters claimed by Libya seemed counterproductive because it played into Colonel Qadhafi's hands by allowing him to portray himself to the world as standing up to overwhelming American might.

It also forced other Arabs to support the colonel as a fellow Arab attacked by the main supporter of Israel.

The abrupt withdrawal of the American fleet after brief skirmishes can only lead further credibility to Colonel Qadhafi, the envoys said.

[Radio Tripoli said Friday that Libya's "courageous challenge in the form of an armed confrontation which they had not expected" had forced Pentagon officials to end the U.S. maneuvers in the Gulf of Sidra, Agence-France Presse reported from Paris, where the broadcast was monitored.

[Opposition by other countries to "the American aggression and provocations had a decisive effect on the cancellation of the maneuvers," it said. The opposition confirmed Libya's "rightful sovereignty over the Gulf of Sidra as part of Libyan territorial waters," Radio Tripoli added.]

The diplomats said the outcome of the confrontation appeared to give Colonel Qadhafi a badly needed lift at a time when he was increasingly isolated in the Arab world, beset by growing discontent at home and weakened by drastically falling prices for oil, Libya's only source of wealth.

"This was not a very happy moment for Libya," said a veteran diplomat. "They were again very isolated, but now the support from the Arab countries will come back again."

A Western diplomat said he saw a kind of symbiosis at work between Tripoli and Washington. "It's political exploitation of both sides," he said. "I think Qadhafi proved he can fight when the 'death line,' as he called it, was crossed. And the Americans proved they

could cross. So they must both be very happy."

"I'm baffled by the motives of the Americans," said one envoy. "Unless they want an excuse to just blow him up. It would be much better to ignore him, which infuriates him. This has gotten him the kind of support he could not have engendered himself."

A European diplomat said: "Qadhafi had economic problems he couldn't explain away with rhetoric alone. But people forget rising prices when their country is attacked."

"If only the U.S. would leave Qadhafi alone, he would just fade away into nothing," said an Arab diplomatic source, "but this just feeds his ego and encourages him. It also puts friendly countries that have their own bones to pick with Qadhafi on the spot because they can't be seen to be defending a superpower against a fellow Arab state."

The Arab diplomat said that "the situation also helps Qadhafi because it makes what he has been saying about imperialists conspiring against him seem true."

A number of diplomats suggested that while Colonel Qadhafi was both unable and unlikely to respond to the overwhelming American power with conventional military force, he was likely to retaliate with terrorist attacks.

"Down the road, months from now, there will probably be more terrorism, perhaps suicide bombings of American embassies or what have you," a diplomat said.

U.S. Fighter Jets Used New Tactics During Engagement With the Libyans

(Continued from Page 1)

were shot down by surface-to-air missiles, with one flying killed, one captured and one escaping by parachute.

But the disadvantage of the Gulf of Sidra operation, the analysts said, was that targets could not be seen while they were under attack. Standoff tactics could not have been used, they said, if the navy had been ordered to hit targets close to civilian areas. In such cases, the pilots would have been ordered to spot the targets before they attacked.

In the past week's encounters in the Gulf of Sidra, the Prowler electronics planes played vital roles throughout the engagement. They first flew well away from Libyan radar sites, where they could pick up radar frequencies and changes in frequency made by the Libyans.

That information was transmitted to the carriers America, Coral Sea and Saratoga and given to weapons officers, who would fly aboard LTV Corp. A-7 Corsair attack planes armed with Harms, or high-speed anti-radiation missiles. When the Corsairs launched



Vice Admiral Frank B. Kelso 2d, left, commander of the 6th Fleet, with Rear Admiral David Jeremiah aboard the aircraft carrier Saratoga, describing this week's fighting.

Shultz Says U.S. Will Again Confront Any 'Outrageous Behavior' by Libya

The Associated Press

ROME — Secretary of State George P. Shultz, brushing aside criticism of the U.S. military strikes against Libya, said Friday that the United States would continue to confront the "outrageous behavior" of Libya's leader, Colonel Moamer Qadhafi.

Mr. Shultz made the comments on his way to Rome from Athens. He began three days of talks Friday with Italian leaders, including Prime Minister Bettino Craxi, who have voiced concern about the clashes this week between U.S. and Libyan forces in the Gulf of Sidra. U.S. officials in Washington said

Friday that the U.S. naval task force involved in the confrontation carried out routine and peaceful operations in the northern Mediterranean.

Task Force 40, comprising three carrier battle groups, moved out of the Gulf of Sidra area on Thursday after the Pentagon declared an end to five days of surface and air exercises in the area.

Libya claims the gulf as territorial waters. U.S. officials called the maneuvers a test of the right to navigate in international waters. Mr. Shultz said that although the naval exercises had ended, "the program of challenging his unilat-

erally declared ownership of international waters and airspace is something we've been doing and will be continuing."

During the U.S. maneuvers, Mr. Craxi ruled out the use of North Atlantic Treaty Organization bases in Italy for operations against Libya.

The order apparently did not apply to installations, solely under U.S. control.

"There were no restrictions put on us that in any way impeded the full conduct of our exercises," Mr. Shultz said.

[Mr. Shultz was greeted in Rome by Foreign Minister Giulio Andreotti and met later with Mr. Craxi, United Press International reported.]

[A senior American official who attended the meeting said the Italian expressed agreement with the reasons behind the U.S. operations in the Gulf of Sidra. But Mr. Craxi questioned the timing of the operation and the U.S. tactics, the official said.]

Qadhafi Chides U.S.

In Tripoli, Colonel Qadhafi said Friday night that he had "humiliated" the United States and he accused it of covering up its losses in clashes between its armed forces and the U.S. 6th Fleet, Reuters reported.

Speaking to thousands of schoolchildren, students and soldiers, he said that one of the U.S. missiles fired against Libyan radar installations had failed to explode. He said he would show it to the Soviet Union to reveal its technology.

Libyan state radio declared Friday that it was the duty of all Arabs to make "everything American a military target."

The radio said the United States had "declared war" on Arabs through its actions in the Gulf of Sidra, and they should attack "every American presence in the region be it an interest, goods, a ship, a plane or a person."

U.S. Heightens Security

U.S. diplomatic and military outposts have gone on a heightened state of alert against possible terrorist attacks because of the clashes between American and Libyan forces in the Gulf of Sidra, U.S. officials in Europe told UPI on Friday.

The State Department sent a message to its embassies warning the danger of Libyan-backed terrorist attacks had "increased substantially." The department said the warning extended to Americans in the "private sector."

Meanwhile, two U.S. senators who were scheduled to leave Friday on a 10-day trip to the Middle East postponed their visit, they said, because of the threat of terrorist attacks on Americans.

Senators Gary Hart of Colorado and J. Bennett Johnston of Louisiana, both Democrats, had been scheduled to visit Israel, Egypt and Jordan during the Senate's Easter recess.

Flying: More White Knuckles

Aging Fleet of U.S. Planes Seen to Pose Increasing Risk

By Richard E. Meyer
and Ralph Vartabedian
Los Angeles Times Service

LOS ANGELES — Passengers of U.S. airlines are less safe now than they were five years ago, and if trends continue, they will be at even greater risk a year from now.

These are among the conclusions of a six-month survey by the Los Angeles Times of the structural airworthiness of U.S. commercial aircraft.

The average age of passenger planes is increasing every year, according to data analyzed in the investigation. Advancing age makes these planes more likely to crack. U.S. airlines are spending less to find and fix those cracks.

At the same time, the airlines are filing fewer of the legally required reports on structural defects. The decline has crippled the already deficient U.S. warning system against air crashes caused by structural failure.

The number of U.S. air safety inspectors has dropped in recent years, although the inspection work has increased with new airlines and airline expansion since the industry was deregulated.

"Altogether, it's a formula for disaster," said Jerry J. Presha, one of three aircraft engineering and maintenance experts hired by the Los Angeles Times to analyze reporting and spending on structural maintenance performed by the airlines over five years.

The investigation focused on the six types of aircraft that make up the preponderance of the U.S. fleet: the Boeing 727, 737 and 747; the McDonnell Douglas DC-9 and DC-10; and the Lockheed L-1011.

The survey found that: • The average age of each of the six types of aircraft has climbed every year from 1980 through 1984. By the beginning of 1985, all six were approaching or had passed the midpoint of what Boeing Co. considers their economic lives.

Cracking caused by metal fatigue in the frame and skin of heavy jetliners increases sharply as the planes get older. Data obtained from Boeing show that this cracking begins to grow at the midpoint of each airplane's economic life.

• The amount of money the airlines are spending to find and fix cracks has dropped over the five

years. "Certainly, it's not true for ATA carriers."

However, the administrator of the FAA, Donald D. Engen, said that his agency also "saw a trend toward trying to get by with less quality maintenance."

"We've nipped that in the bud," Mr. Engen said, "and we should see that trend reverse itself."

Fewer air safety inspectors and expansion of the airline industry is 'a formula for disaster,' according to an aircraft engineer.

Continental Airlines has paid the government a \$402,000 fine over charges that it violated standards for maintenance, training and recordkeeping. United Press International reported Friday from Washington. But officials for the airlines insisted that "safety was never compromised."

Two weeks ago, the FAA proposed a \$9.5-million penalty against Eastern Airlines for alleged bookkeeping and maintenance violations and, at one point, threatened to ground Eastern. That carrier is contesting the proposed fine. Last month, Western Airlines agreed to pay a \$700,000 fine.

Standards for Pilots

Major changes in medical standards used to certify civilian pilots have been proposed to the FAA in a report commissioned by the agency from the American Medical Association. The Washington Post reported.

The report, summarized in this week's issue of the Journal of the American Medical Association, favors tightening health requirements for all pilots by excluding those with various heart ailments, past psychiatric disorders and other conditions.

The recommendations would expand a pilot's required health examination to include cholesterol measurements, glaucoma testing, a detailed evaluation of family health history and other information aimed at assessing future and current health.

Soviet Advisers Took Shelter at Base For Sirte Raids, Foreign Workers Say

By Edward Schumacher
New York Times Service

SIRTE, Libya — Scores of Soviet military advisers near this coastal town stayed mostly inside a local air base to avoid being drawn into the conflict with the U.S. 6th Fleet this week, according to foreign workers.

They said Thursday that none of the Russians had been injured in U.S. missile attacks on the Sirte radar installation.

The foreign workers, from Italy, Spain, Yugoslavia, South Korea and Turkey, said that they knew of no radar or other installations being hit by U.S. missiles.

Though the area around this garrison town bristles with dozens of radar and other military installations, it seemed as if nothing had happened. Security measures appeared light.

The workers said they had heard and seen some of the Libyan anti-aircraft missiles launched Monday against planes of the 6th Fleet, but had no evidence of any retaliation. In Tripoli, 300 miles (480 kilo-

meters) away, foreign diplomats also raised questions.

"We have been perplexed by the radio reports," a West European said. "We don't know of anything that has happened around here."

Another added: "This is not a normal country. The logical is illogical."

Here in Sirte, the foreign workers, who are engaged in various construction projects, said that the Libyans were "exercising" in confronting the U.S. fleet.

Small mobile radar stations, most of them lightly guarded and set among date palms or on top of sand dunes, dotted the white beach along the coastal highway.

The Pentagon said one radar site had been attacked twice, though military analysts say confirmation of damage was difficult because the missiles were launched by planes from miles away.

The authorities ordered blackouts Monday and Tuesday, and soldiers stood guard in town, the foreigners said. But by Wednesday, life was back to normal, they added.

Reports on Waldheim Evoke Anger

(Continued from Page 1)

many an Israeli politician," it said. The "brown" reference was to Nazi brownshirts, or storm troopers.

The World Jewish Congress has said that German documents from World War II, found in archives in the United States, indicate that Mr. Waldheim belonged to the Nazi paramilitary organization.

The Jewish organization said he played a role in atrocities against partisans and civilians while he was an army officer in Yugoslavia.

Mr. Waldheim, UN secretary-general from 1972 to 1982, has denied the allegations, saying he had served only as an interpreter in the German Army.

On Thursday, he said that the publication of documents in Belgrade and New York alleging that he committed Nazi war crimes in Yugoslavia was part of an "almost incomprehensible conspiracy."

Mr. Waldheim's campaign manager, Herbert Steinbauer, said that the candidate's purported "personal complicity" in war crimes was "nowhere proved" in documents released Tuesday by the World Jewish Congress in New York.

He also dismissed charges made in a document from Yugoslav government archives. Mr. Waldheim was accused in the document of "murder, slaughter, shooting of hostages."

The document was published Wednesday by the Belgrade newspaper Vremeje Novosti. The newspaper quoted Mr. Waldheim on



Kurt Waldheim campaigning in Salzburg for president.

Thursday as indirectly calling on the Yugoslav government to release documents that would clear him of any wrongdoing as a soldier.

The document published by the newspaper indicated that Yugoslavia had sought Mr. Waldheim's extradition in 1947 for alleged war crimes committed against the civilian population.

Volkshblatt's article cited Mr. Begin's role as a leader of the Irgun guerrilla group, which blew up the King David Hotel in Jerusalem in 1946 as part of its campaign for an independent Israel. One hundred people, most of them British officers, were killed. The article noted.

Volkshblatt published photographs of both Israeli politicians. Mr. Shamir was an old picture, captioned in the style of the wanted posters issued by the British authorities in the late 1940s.

The Volksblatt article came after

Mr. Kirchschläger said in a television interview that the assertions by the World Jewish Congress should not be "used here in Austria to revive feelings, which in the Austrian history have played an evil role," adding: "I mean anti-Semitism."

Three officials of the Austrian People's Party issued a statement Friday warning against a resurgence of the "anti-Semitic evil spirit."

"We claim for us the moral right to come to the defense of the work of reconciliation against all attempts of interference and destruction from inside and outside the party," said the statement. It was issued by Fritz Bock, former trade minister; Alfred Maleta, former president of the legislature; and Ludwig Steiner, a legislative deputy.

The three, former concentration camp inmates, referred to the allegations against Mr. Waldheim as "defamations."

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Sirhan Loses Latest Bid For Parole in California

SOLEDAD, California — A parole board here has rejected Sirhan B. Sirhan's eighth bid for parole, saying his murder of Robert F. Kennedy in June 1968, "was one of the most premeditated ever."

Mr. Sirhan, 42, said Thursday that he wanted to "live on my life productively and peacefully." But the board said the assassination of the New York senator was "an attack on the democratic system of the United States." Kennedy was shot moments after he claimed victory in the Democratic presidential primary election in California.

While those engagements were being fought at relatively low levels, Grumman F-14 Tomcats and McDonnell Douglas F-18 Hornets maintained a high-altitude patrol over the gulf. They were assisted by Grumman E-2C Hawkeyes, which are radar-equipped early warning planes that could have spotted Libyan fighters had they risen to challenge the navy planes.

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La Scala Illuminates Strauss' 'Frau ohne Schatten'

By Andrew Clark

MILAN — One of the reasons the Richard Strauss opera "Die Frau ohne Schatten" (The Woman Without a Shadow) is so rarely performed is that it makes huge demands on a theater's artistic, technical and financial resources. Another is that its symbolism is so complex and sophisticated that — as the writer and librettist, Hugo von Hofmannsthal, admitted — few are able to penetrate its depths on first acquaintance. Even in Germany and Austria it has never become a staple repertoire work, and in Italy it has been staged only five times since the Vienna premiere in 1919.

In one of its rare ventures into the late Romantic German repertoire, La Scala tried to overcome the opera's inherent difficulties by recruiting an international cast and production team, most of whom had previous experience of the work. This proved an astute policy, especially in the pairing of the stage director and designer Jean-Pierre Ponnelle with the conductor Wolfgang Sawallisch.

In the series of performances that ended Friday, both Ponnelle and Sawallisch seemed to realize that only by simplifying and clarifying the contours of the work could its unwieldy scheme be justified and its mysteries illuminated. Building on some of the ideas of his previous staging at Cologne, Ponnelle showed that it was not necessary to indulge in complex machinery in order to evoke a sense of stage magic. His solution — a simple, abstract set with a tubular platform that could be raised or lowered — proved a direct and flexible way of distinguishing between the human and spirit world.



June Anderson in "La Sonnambula."

Ponnelle made each of the symbols as visibly identifiable as possible. The shadow, for example, which at its most simple level is the symbol of woman's fertility, was not suggested through tricks of lighting; instead Ponnelle employed a group of hooded, darkly costumed extras shadowing the movements of the human characters. The concentration of the action center-stage and the well-rehearsed performances of the cast helped overcome some of the longeurs of the third act, where the orchestra played a crucial role in giving a metaphysical dimension to the obscure machinations of the plot.

At the final curtain, it was no easier to regard "Die Frau ohne

Schatten" as the early 20th-century successor to "The Magic Flute," as its authors intended; but neither did it seem the operatic white elephant it is sometimes made out to be.

For this achievement Sawallisch must take much of the credit. The Scala musicians did not have the score in their blood like the orchestra of the Bavarian State Opera in Munich, where Sawallisch's Strauss interpretations are part of a long and illustrious tradition. The music nevertheless came across with a strong sense of conviction and idiomatic flair, the conductor tailoring the dynamics to his singers' individual needs while allowing the orchestra its head wherever possible.

The performance onstage was dominated by Brigitte Fassbaender, who proved that the

Nurse could be the opera's most graphic role and certainly its most theatrical. Her projection of the text and her acting skills made her near-demonic interpretation thoroughly believable. The Dyer's Wife was magnificently sung by Marilyn Zschau, who combined fearless vocal attack with a radiant stage personality. Alfred Muff's Barak was generous in voice and meek in appearance, just as Barak should be. Eva Marton as the Empress was more dramatic in voice than appearance. Hermann Winkler's Emperor was wooden.

The other new staging at La Scala, Bellini's "La Sonnambula," could not provide a stronger contrast to the Strauss, and is the kind of repertoire one more readily associates with Milan. It was premiered

there in 1833, and La Scala has heard a long line of distinguished interpreters in the role of Amina, from Maria Malibran in 1834 to Maria Callas in 1955. The opera has not been seen at La Scala since Joan Sutherland sang in the Luciano Visconti production in 1962.

The new Amina is the American soprano June Anderson, who has reached La Scala just eight years after making her professional debut at the New York City Opera. In recent years she has been building a reputation in the bel canto repertoire, and indeed she displays all the right qualifications for the part — youthful good looks, an air of innocence and a voice of tender beauty that shrugs off the difficult coloratura passages with gracious aplomb. She won a justifiably rapturous reception from the Scala audience on her first night there.

The staging by the Italian film director Ermanno Olmi, with pictorial decor by Mauro Pagano, tried to reflect the poetry in the music, but it is traditional to a fault. The supporting cast, particularly Bonaldo Giaiotti as the Count and Pietro Ballo as Elvino, was disappointing and the veteran conductor Gianandrea Gavazzeni chose humpish tempi that suggested he had not fully recovered from his recent illness. But Anderson's performance redeemed the shortcomings of all around her.

Further performances, with some changes of cast, "La Sonnambula" March 29, April 1, 4, 6, 11, 13, and 15.

Andrew Clark is a journalist and music critic based in Switzerland.

Photograph of supporters of Francisco Madero, taken in 1912.

The Dusty Reality of Mexican History in a London Photography Exhibition

By Hans Koning

LONDON — This is a photograph I stared at for a very long time. It is a black and white photograph of a group of men, some in military uniforms, some in civilian clothes, standing in a line. The photograph is part of an exhibition at the Victoria and Albert Museum, which is dedicated to the life and work of the Mexican revolutionary leader Francisco Madero.

The photograph, taken in 1912, shows Madero surrounded by his supporters. He is in the center, wearing a dark suit and a white shirt. He is looking towards the camera with a slight smile. The other men are standing around him, some with their hands on their hips, some with their arms crossed. The background is a simple, light-colored wall.

But not only were the men, the events of those years photographed, they were also written about. Next to the group of men, there are several framed documents, some of which are handwritten letters and some are printed articles. They provide a glimpse into the political and social climate of the time.

What I am referring to is the exhibition "Historia Grafica de la Revolucion Mexicana," a collection of thousands of photographs created by the first Mexican press photographer, Augustin Casasola, and his son, Gustavo. An exhibition of 150 of these photographs, first shown in Mexico in 1930, is now at the Photographers' Gallery in London.

The gallery, a block from Leicester Square, was founded in 1971 by Sue Davies of the Institute of Contemporary Arts to treat photography as an art form, and it has prospered. The exhibition is called "History of Liberty" (Land and Freedom), which was the slogan of the revolution.

"La Cucaracha" was its song, and it shows us how the soldiers in that endless, many-sided battle looked like on all sides: They were all young, often too young, poor, dark-skinned, heavily armed with bandoliers of cartridges, moved by their restless and ruthless officers across the vast, roadless country in freight trains, accompanied by wives or girlfriends — the soldiers' loved ones. The soldiers had to find the food for the armies, feed them, keep them going. They are caught

here, looking angry or tender or shy, endlessly pathetic. But the most pathetic picture of all is one of men, the Zapatistas. Zapata occupied Mexico City in December 1914. To the astonishment of its citizens, his men were not the wild murderers and looters the Diaz press had depicted, but peasants who shuffled down the street, clutching a few pesos to buy food with. They are seen here getting breakfast in the Sanborn department store, their rifles sticking out over the counter, staring solemnly at the waitresses, who stare back with equal solemnity. These soldiers had liberated the capital, most of them were doomed to perish, but there is no pride or fear in their faces — some slight embarrassment perhaps.

The waitresses wear the same uniforms I saw when I had a cup of coffee at Sanborn 40 years later. At that time of my first visit to Mexico, there were still street photographers in every city square, with tripods and black cloths. I remember how they took their time when I had my picture taken, which makes the photo of them a little more poignant. The photograph is in action, half a century earlier, the more astounding to me. There are people running down the street with mattresses and little bundles in February 1913 when one part of Mexico City was still another: There is Pancho Villa, in a cable-stitch sweater, wiping away his tears at the grave of Madero. There are the newshybs sleeping muddled on the sidewalk, as they still do, and prostitutes looking 11 or 12 years old.

Of course there are many posed, arranged pictures, too — jailers and prisoners, captured soldiers and their captors, looking dignified at the camera freezing a crucial and maybe fatal moment in their lives; and it is usually impossible to tell who are the winners of that moment, who the losers. The camera

made them all feel equally important.

There is also the man with whom it all began, so to speak: Porfirio Diaz, with his long, bloodthirsty-looking mustache. He is very old in these photographs and he is surrounded by very old men, he is the ornate armchair with the gilded arms and back and the Mexican eagle, they uncomfortable in little chairs. Diaz's last days were Mexico's Belle Epoque, "belle" only for the very few, obviously, who are seen posing with their children in huge drawing rooms, visiting the poor, sitting formally around a dinner table in a brothel, attending the races. It is all a rather shabby reflection of what was their shiny example. Paris, still, there is a certain cruel grandeur to them.

Davies, who founded the gallery, may feel somewhat ambivalent about my praise of "Tierra y Libertad" since I am so absorbed in the history in those pictures, in their journalistic actuality. After all, the gallery was founded on a fine art. But when we look at, say, the Impressionists, we are not moved at least partly by the nostalgia and the tenderness we feel toward those long-vanished *jeunes filles en fleur*, toward that vanished world? And is there not also a strong visual link between these pictures and the great Mexican murals of later years? There is no need for a tiresome debate about art and actuality. The murals of Orozco, Rivera and Siqueiros, and the photographs of Casasola and his many anonymous colleagues, give new meaning and life to one another.

Photographers' Gallery, 5 & 8 Great Newport Street, London WC2, through April 5.

Hans Koning's new novel, "Acts of Faith," was recently published by Gollancz in London.

Wagner Sinned Against in London 'Holländer,' 'Parsifal'

By Henry Pleasants

LONDON — New productions of Wagner's earliest surviving opera, "Der Fliegende Holländer," and his last, "Parsifal," premiered within two nights of one another by the Royal Opera at Covent Garden and the English National Opera at the Coliseum, respectively. Both productions highlight not so much the sins of one kind or another that preoccupied Wagner, but the sins of the modern opera producer and stage designer.

The producer of the ENO's "Parsifal" is Joachim Herz, remembered for a singularly offensive "Fidelio" at the Coliseum a few seasons ago. To "Parsifal" he has contributed such eccentricities as having Thurel, properly an off-stage voice, appear in person, and presenting the outcast Klingsor not

in the turret of his castle but flying about on a swing.

But these deviations from Wagner are as nothing compared with the settings in which they have been placed by Herz's designer, Wolf Mönninger. His representation of the forest surrounding Monsieuville has also inspired some imaginative painting by the critics, ranging from "an ugly mess of leaf-green piping" to "what look like the intestines of Amfortas, or possibly, what passed through them."

The floor of Klingsor's "castle" looks like a gigantic pizza, from which Kundry eventually emerges like a chunk of garlic coming to the surface. Its rim is said to reveal Kundry's garden with a bevy of females looking more bathing beauty than floral.

Mike Ashman's production of "Der Fliegende Holländer" gets off to a reasonably good start with Deland's ship and the Dutchman's credibly moored in their Norwegian cove, although the latter is so tilted to the bow that the Dutchman has a perilous descent to land. Trouble begins when we are introduced to Deland's home and the

spinning room. Suddenly we are pitched forward to circa 1940 and what appears to be a hawser factory, with the women's chorus, while smocked and mob-capped, presided over imperiously by Santa's nanny, Mary, from a high desk on rollers, and with a trowered Santa zooming over a portrait of the Dutchman in an attitude reminiscent of Salome drooling over the head of John the Baptist.

The bare set reminds us that David Fielding, the designer, was responsible for the gym/torture chamber that contributed to the fiasco of the ENO's "Mazepa" a season ago — not a spinning wheel in sight, nor any household furniture, making a mockery of the wonderfully onomatopoeic music Wagner devised for his spinning chorus.

And so it goes, the mischief exacerbated in each case by the fact that it defaces respectable performances by the singers, conductors and orchestras unhappily involved.

The ENO's "Parsifal" was helped by the coincidence of the two productions in that when the American Warren Ellisworth, scheduled to sing Parsifal, came down with the flu, he could be replaced by Siegfried Jerusalem, the Erik of the Royal Opera's "Der

Fliegende Holländer." Jerusalem sang in German, of course, to the rest of the cast's English, and he sang well. Intelligence aside (which goes for the English, too), it was a relief to hear the idiomatic sound of the original language.

The octogenarian Reginald Goodall, who in Wagner is to the English what Hans Knappertsbusch used to be to the Germans, conducted with his familiar authority and had admirable vocal collaboration from Jerusalem, Anne Evans as Kundry, Neil Howlett as Amfortas, Gwynne Howell as Gurnemanz and Rodney Macann as Klingsor.

The Royal Opera's "Der Fliegende Holländer," too, was musically in order, vividly conducted by Gerd Albrecht and well sung by Simon Estes (Bayreuth's Dutchman), in an auspicious Covent Garden debut; Rosalind Plowright, slightly over-parted in her first Santa; Jerusalem as Erik; and Robert Lloyd as Deland.

Further performances of "Parsifal" March 29, April 4, 11 and 13; of "Der Fliegende Holländer" March 29, April 1 and 5.

Henry Pleasants is a London-based writer who specializes in music and opera. He is the author of several books on these subjects.

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Scott Ship Goes to Scotland

The Associated Press

LONDON — The wooden-hulled "Discovery," the ship that carried Captain Robert F. Scott on his first antarctic expedition in 1901, was maneuvered by tugs through locks here Thursday to start for a new home in Scotland.

After being a floating museum on the River Thames for 51 years, the 1,600-ton ship is returning to Dundee, where it was built, to be the centerpiece of a £30-million (£44.4 million) waterfront development. Since the ship had its engines removed years ago and was considered unfit for the rigors of a tow through the North Sea, it will travel aboard a Dutch semi-submersible.

For the move out of St. Katherine Docks at Tower Bridge, where it has undergone renovation, the 225-foot (68-meter) "Discovery" was insured for £10 million. The move was timed for the highest tide of the year. There was only half an hour for the task, when the tide in the river was at the same height as the water in the dock. "There was only six to nine inches clearance to get

the ship through the double lock gates," said Crawford MacCallum, an organizer of the project. "If Discovery had jammed in the gates, the water in the dock would have emptied into the Thames and weakened the walls and foundations of the buildings all around it."

After bringing Scott back to England in 1904, Discovery carried cargoes for Hudson's Bay Co. across the Atlantic, took munitions to Russia in World War I, researched the habits of whales in the 1920s and then became a sea-scout training ship.

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Continental Park government charges that it is in violation of the National Labor Relations Act. The National Labor Relations Board reported that the company had violated the act by firing five employees.

Two weeks ago, the company was fined \$50,000 for violating the act. The company is now appealing the fine. The National Labor Relations Board is now considering the company's appeal.

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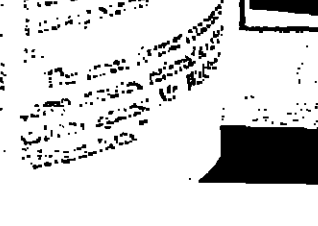
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INTERNATIONAL Herald Tribune

Published With The New York Times and The Washington Post

The Cost of Chauvinism

Like 19th century America, the Third World needs capital from abroad. The problem is getting it without amassing debts that cannot be paid. Heavy borrowing from banks in the 1970s led straight into this trap.

Loans from the international banking system make sense only if, at some stage, they are succeeded by direct capital investment from abroad — foreign companies setting up their own factories or combining with local enterprises. The disadvantage of loans is that they have to be repaid whether the borrowing country is prosperous or not. The advantage of direct investment is that the recipient is only obliged to let the investor take his profits home. If there is no profit, the burden can be supported. And the better the profits, the more the investor is likely to reinvest them in the host country.

Such investment is inhibited by unstable economic and social conditions, which make the rich firms reticent. International guarantees by the World Bank can help, but the major effort has to be made by the countries themselves. Unfortunately, too many are at best lukewarm toward money of this type. Regarding foreign industrialists with suspicion, they hem in direct investment with conditions that discourage it. They fear foreign exploitation, political interference and loss of independence. These fears are not wholly unfounded. But no country, rich or poor, lives in a perfect world where it can have things all its own way. If the Third

World wants capital — and it never stops asking — it has to go at least halfway toward conditions that foreign firms require before they will put themselves at risk.

OECD countries have been telling their poorer neighbors this for years. But the rich do not always practice what they preach. It is not just the poor who impose cumbersome limitations on foreign ownership. The rich put up barriers based on strategic arguments that are often dubious. Usually, a high element of pure chauvinism is involved.

Britain's attempts to privatize British Leyland, the loss-making car producer it had to nationalize and subsidize for years, are an example. Land Rover, apparently, must remain British because, with some success, it builds vehicles as rugged as John Bull. Only the clearly insolvent sections can be sold to foreigners. So the foreigners withdraw.

This sort of economic isolationism, into which Margaret Thatcher has been pushed by friend and foe, is not going to help raise productivity and employment in a country where both are low. What matters is not who owns the equity but who can make factories most efficient. This is most likely to be assured by selling the company to the highest bidder. By keeping the foreign investor at bay, Britain increases the risk of becoming a less-developed country when the oil runs out. And it provides a poor lesson for the countries who are less developed today.

INTERNATIONAL HERALD TRIBUNE.

Appointments to the Fed

The White House now pleasantly says that President Reagan may well decide next year to appoint Paul Volcker to a third term as chairman of the Federal Reserve Board. The word comes from the president's chief of staff, Donald Regan. It is a way of announcing a truce in the frequently abrasive relationship between the White House staff and Mr. Volcker.

Evidently, events of the past few weeks have reminded the White House that Mr. Volcker is extremely valuable to this administration. He has become a powerful symbol of determination to push inflation down, and his reassuring presence at the Federal Reserve allows the administration to do and say things that might otherwise rattle the financial markets and send interest rates creeping anxiously upward.

But does Mr. Volcker want a third term? He has repeatedly said that he will stay to the end of his current one, in August 1987. Whether he decides to continue for another four years will probably depend on circumstances — such as the character of the other board members whom President Reagan has appointed to work with him. Mr. Regan says that the recent collision within the Federal Reserve has been "blown out of proportion." To the contrary, it was a crucial and highly dangerous moment. The four Reagan appointees on the board voted to override the chairman — an extremely rare phenomenon at the Federal Reserve and, in this case, a threat to intricate international negotiations then under way. One of the four, Wayne Angell, reconsidered and

reversed his vote shortly afterward. With that the coup failed, and its leader, Vice Chairman Preston Martin, resigned from the board.

That leaves an open seat. When Mr. Regan decides whom to appoint, his choice will quite properly be taken as a signal of the relationship that he wishes to maintain with the Federal Reserve for the remainder of his own term.

In the famous 4-to-3 vote against the chairman, the division was not between those who want high interest rates and those who want lower. It was essentially between the people who were following the international implications of the rates, and those who were not. Among the board members there are only two — Mr. Volcker and Henry C. Wallach — who have had any substantial experience with the international monetary system and foreign economic policy. Mr. Wallach has served with great distinction, but he is now recovering from a severe illness. With the rapid decline of the dollar rate, the board's international work is currently unusually demanding.

To strengthen the board in the field in which it faces the greatest demands, President Reagan needs a nominee qualified to deal with the Federal Reserve's responsibilities abroad. All of Mr. Reagan's appointees to the board so far have been people whose interests and experience have been chiefly directed to the domestic economy. But there is another side to the board's work, and it is there that the next appointee can most usefully serve.

— THE WASHINGTON POST.

Other Opinion

Crucial Momentum in Manila

The decision to declare a provisional government and promise elections within a year buys the Aquino government time. What it cannot do is postpone awkward decisions indefinitely. The first of these will have to be made in the next few weeks with the selection of the commission to draft the new constitution. The balance between political groupings will have to be carefully drawn.

The other risk is the power President Aquino has arrogated to herself. For the time being, pledges to use her power judiciously and in consultation with her cabinet can be taken at face value. And if the timetable for the new constitution is adhered to, the time bought will have been well used and the Philippines should have a new constitutional and popularly elected government within a year. But if the momentum is lost, the country will have a president with no less power than Ferdinand Marcos had in the last years of his rule.

— The Times (London).

Switzerland Shows the Way

Switzerland has earned global respect for its decision to freeze the assets of Ferdinand Marcos, the deposed president of the Philippines.

and his family and associates. Bern has shown more resolve than Washington. The freeze will provide an opportunity for representatives of the new government to press their investigation of evidence of wholesale looting of national resources. Implicit in the freeze must be a recognition that the people will have an opportunity to regain the wealth stolen from them.

Hard questions lie ahead for the United States. The evidence almost certainly will show violations of the law, including personal appropriation of foreign aid, by Mr. Marcos and his wife Imelda. That will raise the question of bringing Mr. Marcos to justice — a demand that may conflict with the assurances of safe haven extended by President Reagan to persuade Mr. Marcos to leave Manila and end the risk of widespread bloodshed.

There is universal revulsion at the sight of this man and his family renting a \$1.5 million beach house on Oahu, surrounded by an opulence that has clearly been made possible only by exploitation of an impoverished nation. That can only fortify the demands that he be brought to justice. It has not yet inspired President Reagan to apply his authority under the International Emergency Economic Powers Act to facilitate the kind of freeze of Marcos assets that Switzerland has ordered.

— The Los Angeles Times.

FROM OUR MARCH 29 PAGES, 75 AND 50 YEARS AGO

1911: Royalists Seized in Portugal
LISBON — The newspaper "Mundo" states that the Provisional Government has discovered a Monarchical secret society called Sabonaria, with branches and many members throughout the country. There have been numerous arrests, including soldiers, priests and even policemen; also, members of the highest aristocracy who belong to the Court and were personal friends of the deposed King Manuel II. The emigration of the Portuguese better classes to the Spanish frontier continues. It is reported that in the last few days 120 Portuguese families, mostly aristocrats, have settled at Tuy, Spain, which, with Vigo, is the chief centre of the Monarchical conspirators. The Government declares that it is prepared to maintain the integrity of the Republic.

1936: From Collar Button to Chin
PARIS — Perhaps the bitterest comment yet advanced on the European situation comes from Kelen, famous political caricaturist, writing in "Paris-Midi." Speaking of the Queen Anne Room, St. James's Palace, where the League Council held its London sessions, he recalls that Queen Anne herself has gone down in English history as having given birth to 16 still-born children, and remarks that the Queen Anne Room is carrying on the tradition. "This conference," he says, "will make the seventeenth." Kelen concludes that "Democracy today can be measured by the distance from the collar button to the chin. Messrs. Eden, Sarraut and Flandin consistently lower their heads, unlike all dictators, who look to the ceiling for their inspiration."

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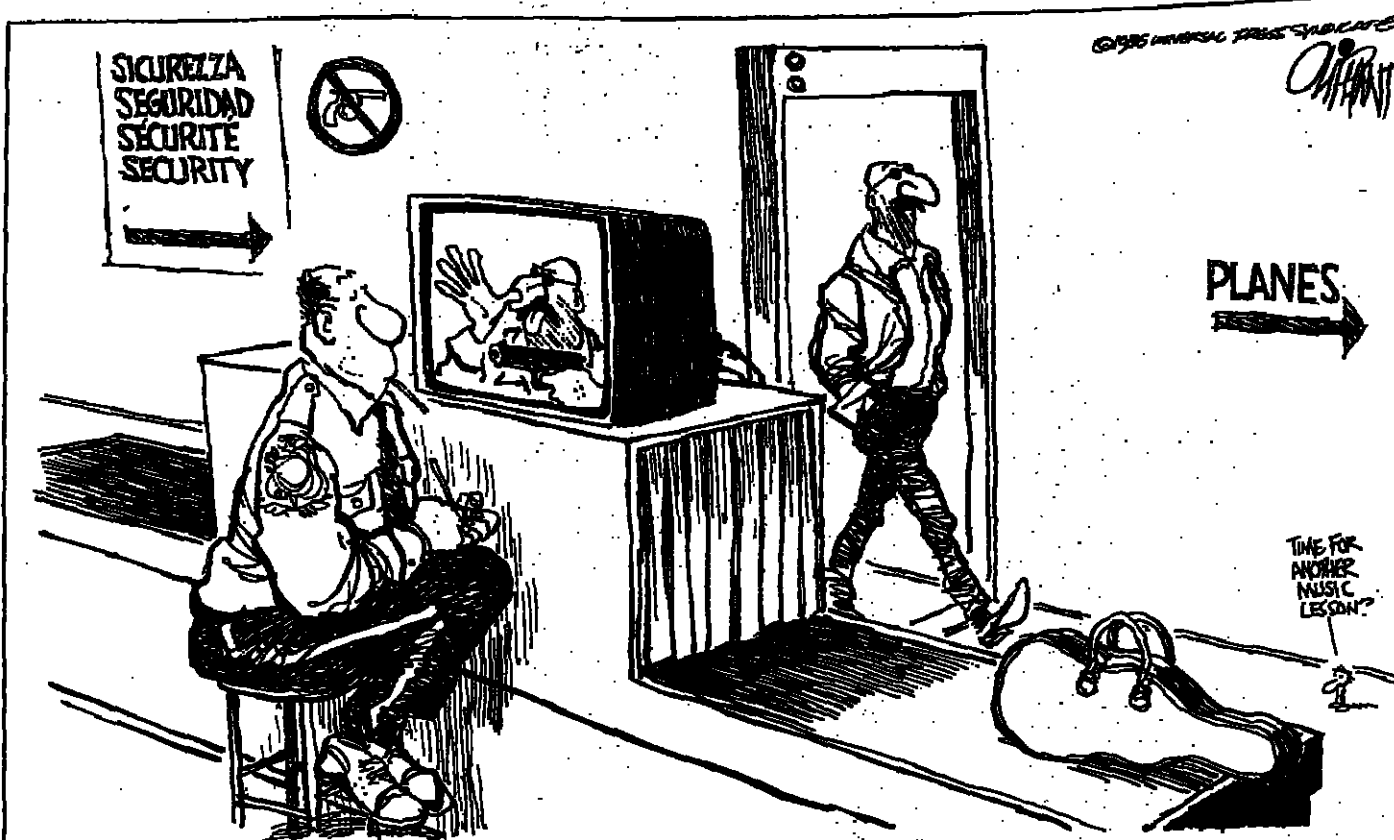
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Exciting News for Hijackers: Plastic Handguns

By Josh Sugarmann

WASHINGTON — In a terrifying example of progress outpacing common sense, the handgun industry is poised on the brink of the first major change in concealable firearms in this century — plastic handguns.

Incorporating resilient, lightweight, corrosion-proof polymers into their design, plastic handguns will render metal detectors ineffective. When broken down into their component pieces, they will easily deceive X-ray machines.

This new generation of handgun will appeal to gun aficionados for a variety of reasons, but will be best suited for one in particular: terrorists.

We already have a glimpse of the future. An Austrian plastics manufacturer, Glock GmbH, has developed the Glock 17, the first handgun to employ plastic in its structural design. This handgun is almost half plastic. Only three of its major components are metal: the barrel, slide and spring. Including its clip, the 33-piece Glock 17 weighs only 23 ounces and can be field-stripped and reassembled without tools. It is currently the standard sidearm of the Austrian army.

Officials at the U.S. Federal Aviation Administration admit that the Glock 17 is less detectable than an all-metal handgun, but they maintain that the weapon can still be spotted by standard security devices. Others aren't so sure.

Columnist Jack Anderson asserts that a Pentagon security expert has already shown how easily the Glock 17 can be smuggled aboard an airplane. By stripping the weapon down and disguising its metal components in his carry-on luggage, he twice carried the weapon through security checkpoints at the Washington National Airport.

Libya's Moamer Qadhafi has expressed interest in acquiring 100 to 300 Glock 17s.

Glock plans to license and supervise the installation of assembly or manufacturing plants in countries "where local demand by official customers" justifies it. U.S. importation and distribution of the Glock 17 began in late January, and the company plans to begin producing the handgun in the United States by the end of the year.

But it is not evident that Glock really intends to restrict sales to "official" customers. A distributor's ad for the Glock 17 has already appeared in Shotgun News, the catalogue of firearms. The ad carries no warning concerning sales to "official" customers only. Instead it emphasizes the weapon's "introductory" price.

America's handgun manufacturers and dealers have hailed plastic as the savior that is necessary to rescue their industry's stagnating sales.

In the April 1985 issue of America Firearms Industry, Andy Molchan, president of the National Association of Federally Licensed Firearms Dealers, says that, although the Austrian gun uses a metal barrel, "the American model will be 100 percent plastic. Polymer is without question going to be the material of the future."

He adds: "If a 100 percent plastic gun works, this would be great for sales. What this does is make everything that has been produced in this century obsolete. This is exactly what our industry desperately needs. This will give us a whole new and real reason to resell every hunter and

shooter in America. Will people take to plastic guns? People will take to anything that is better."

In the January 1986 issue, Mr. Molchan reported that calls from U.S. dealers were coming into Glock by the hundreds.

Common sense would dictate that governments would move swiftly to stop the importation and domestic production of this new breed of handgun. But President Reagan's staunch stand against terrorism is second only to his opposition to handgun control. Or, to anticipate the National Rifle Association, "Plastic handguns don't kill airline passengers, terrorists do."

Two Democratic congressmen from New York, Robert J. Mrazek and Ted Weiss, place the public's welfare over the handgun industry's private concerns. Recognizing that handgun manufacturers have never been known for their social conscience, Mr. Mrazek and Mr. Weiss are co-sponsors of the Terrorist Firearms Prevention Act of 1986. In effect the bill would require that any new line of firearm marketed in the United States after Jan. 1, 1986, be readily detectable by standard security devices such as X-ray machines and metal detectors. The bill is pending before the House Judiciary Committee.

Hazardous as it may be, the Glock 17 is merely the Spanish plastic handgun. As technology improves, this new generation of handgun can only advance to the point where it will be virtually invisible to standard security devices.

The writer is communications director for the Washington-based National Coalition to Ban Handguns. He contributed this to the Los Angeles Times.

The Arms Race Is Wearing Down the Superpowers

By Hobart Rowen

WASHINGTON — A shrewd observer of the Washington scene, Lester R. Brown of the Worldwatch Institute, thinks that unless President Reagan abandons the arms race, history will not remember him for anything positive but for doubling the national debt and losing the race for economic power to Japan.

Worldwatch is a small think tank that Mr. Brown started 10 years ago, concentrating on such basics as erosion and other ecological problems, the population explosion and Third World misery. His annual evaluations of the state of the world have gained increasing attention.

In a recent interview he observed that when President Corazon Aquino of the Philippines needed technical assistance to recover from the devastation of the Marcos years, she turned to Japan, not, as once might have happened, to the United States.

This, he suggests, is one tip-off to the rise of Japan's economic power and the expense not only of the United States but also of the Soviet Union. Both superpowers have been engaged in a costly arms race. While both have been devoting their wealth and best scientists to arms and have become the big arms exporters as well, Japan has become the big exporter of consumer goods. Before the end of the decade, Mr. Brown notes, Japan will slip ahead of the United States as the world's leading trading power.

In stressing Japan's advantage in being out of the arms race, perhaps Mr. Brown oversimplifies the problem. As management consultants James Abegglen and George Stalk point out, superior manufacturing and management techniques yield Japanese companies cost advantages

in the range of 30 percent over Western competitors, before considering exchange rates. "The advantage is unbeatable," they say.

There are other reasons for Japanese success: better employer-employee relations, aggressive company efforts to gain shares of the world market, an exceptional educational system. Thomas P. Rohlen of the University of California reported in a 1983 study that "the average Japanese high school graduate has the equivalent basic knowledge of the average American college graduate."

But all of these Japanese advantages are multiplied, in Mr. Brown's view, by the American preoccupation with building up the military establishment.

In "State of the World 1986," Mr. Brown says: "Japan, initially banned from the international arms race, now has mastered the new geopolitics, recognizing that in the nuclear age military power is of limited value, and that political influence derives more from the economic strength of a highly productive, internationally competitive economy."

Mr. Brown says the arms race has sapped the superpowers' energies.

Mr. Reagan has presided over the doubling of the U.S. national debt from about \$1 trillion when he came into office to \$2 trillion now. Huge U.S. budget deficits triggered high interest rates and a resultant swelling of Third World debt. The banking

system is shaky, and Mr. Brown points out that a portion of the \$213-billion farm debt — like Third World debt — will never be repaid.

The Russian economy is already on the rocks, producing 20 percent less grain than in the 1970s; its sophistication in computers reportedly lags behind that of Brazil and South Korea. Except for arms, almost nothing the Soviets produce is competitive with what the West can offer.

Mr. Brown's bottom line: Unless Ronald Reagan and Mikhail Gorbachev quit thinking of security in traditional military terms, they will cede even more power to Japan. It would be a sobering thought, especially if the two leaders are interested in what the history books will say.

The Washington Post.

money to military programs. The figure for West Germany is 10 percent. The U.S. government spends 73 percent of its research and development money on military programs.

The reality of the research marketplace is that a substantial proportion of America's elite engineering manpower is lured away by the premium salaries and exciting professional opportunities of military research. Toyota and Sony beckon to Japan's topflight engineering graduates. "Star wars" and Stealth aircraft, both operating essentially on Pentagon blank checks, are the golden lure on the American high-tech scene.

With the defense industry annually absorbing more than one-fourth of America's engineering graduates, there is not enough young talent to meet the needs of important sectors of American industry.

The medal winners honored by Mr. Reagan may indeed have contributed to an "explosion of knowledge," as he put it. But "Made in USA" shows up on fewer and fewer products that depend on that knowledge.

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Lots of Research, but Too Much of It Military

By Daniel S. Greenberg

WASHINGTON — An illustration of America's sliding performance in the high-tech sweepstakes for world markets was provided recently in the East Room of the White House. President Reagan was warmly presenting National Medals of Science and Technology to 26 of America's most accomplished scientists and engineers. Like all presidential events, this ceremony was recorded by a pack of news photographers and television cameramen. Their lenses and sound equipment were the best in the world. With rare exceptions, they were made in Japan.

The American research skills that the president hailed are indeed formidable. Why then must Americans look abroad for high-tech products that embody scientific developments

also set off turmoil in the banking and financial system that may be uncontrollable. Farms are once again going belly-up, as are many banks.

Except for its incapacity for effective action against the banking collapse, America was then in excellent economic condition. Now it confronts looming economic problems that are concealed by slogans.

Who believed in the 1920s that it was a respectable policy to cut taxes and run an astronomical deficit? Who believed that the remedy for a huge volume of unpayable bank loans to foreign countries was to make more loans to them? Who could have believed then, as Americans apparently do now, that it was reasonable to permit foreign countries that pay subsistence wages and subsidize their products to drain away American businesses and jobs?

Today the problems hidden behind the slogans again include the beginning of a monetary and financial collapse. Economic problems that would challenge even the most realistic government are being glossed over by an administration so governed by delusions that it appears unable to admit even that they exist.

Is it not then reasonable to be concerned over a new economic fall?

The writer, professor of economics at the University of Wisconsin and author of "The Dangers of Free Trade," contributed this to The New York Times.

The Lesson Of Easter's Subversive

By William Pfaff

PARIS — The Christian Holy Week begins in the acclaim given Christ on Palm Sunday and leads to the crucifixion, and then to the resurrection on Easter Sunday. This ordinarily is taken as a lesson in hope and renewal, symbolized in the Easter eggs of popular tradition.

One can also take Easter as an instruction in the vanity of popular acclaim and temporal success. The people who shouted Christ's praise were shouting for his death a few days later. His triumph was on a donkey; he was betrayed and arrested, failed, abused and mocked, and finally executed in a peculiarly atrocious way, while his friends fled.

This is not a particularly comforting interpretation for an age of all-consuming search for possessions and acclaim, and in an industrial civilization whose functioning requires ever-expanding consumption and depends upon the individual's drive to possess wealth and status.

In the American past, not quite the same ethical tension was presented by this as it is the case today. The version of Protestantism which dominated American civilization from the 16th to the 19th centuries was deeply marked by a Calvinism which saw man as inherently corrupt, and human success as evidence of God's unfathomable election. It held that material success should be turned to charity. Thus the industrial barons and railroad kings endowed America with its libraries, universities, museums and charitable foundations.

Today this austere Protestantism is pretty much a matter of history. With its loss, America is left with a residual belief that there is a kind of symbol of virtue, or of divine election, in riches and success, but also with a troubling awareness that these do not seem to make people that happy.

People still go to church in the United States — more than in any other industrial country — but the public practice, at least, of religion seems more and more to mix religion with Americanism. This too has its origin in the old notion of the United States as a secular "new dispensation" — a place given by God for men to make a new start, free from the monarchies and wars of Europe. Americans find themselves to-day with a nationalism that is idealistic and outward-looking, missionary in spirit and at the same time self-righteous and intolerant.

As immigration changes the ethnic and racial makeup of the country in a dramatic way — the 1970s saw more immigrants arrive in the United States, overwhelmingly Latin and Asian, than during any previous decade in American history — the dominant culture seems less changed than one would expect. The new recruits, or their children, are rapidly swept into the huge assimilative machine of American popular culture, press and television, and of the schools, to come out virtually indistinguishable in outlook from those who preceded them.

Nationalism and material success, nevertheless, are not quite what the country was about when it was founded. It is appropriate at a time like Easter to take note of the fact that the American nation today exists in some conflict with the ideas which gave it its original ethical shape.

The astonishing rise of the television evangelists, with their smooth version of the emotional "born again" religion of the great 19th-century revivals, is evidence of that tension. So, undoubtedly, is the vulnerability to the new quasi-religious cults — above all on the part of Americans from the prosperous classes, people who "have everything."

It is not out of place to recall who, in the formative religion of the American nation, was the ultimate proprietor of power and wealth. When the New Testament, Christ is described as going into the desert at the start of his public life, it is God who takes him to a high place and offers him "all this power and the glory" of earthly kingdoms, saying that "it has been committed to me and I give it to anyone I choose."

There are more reassuring passages in Scripture. In North America, the rich nations of Europe and the Northern Hemisphere as a whole are those to whom the power and glory of earthly kingdom have presently been given. The significance of Easter is indeed that of human redemption and renewal, but of a renewal that is not of apparent failure and humiliation, by the vindication of the poor and outcast over the complacent and powerful. It is a thought worth pausing over, if only once a year.

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LETTERS TO THE EDITOR

Pakistan and the Sikhs

In response to the report "Sikhs Disclose Backing by Pakistan" (March 14):

The government of Pakistan has categorically denied the allegation, made in the Indian Parliament on March 13, of Pakistani involvement in the Sikh unrest in East Punjab. Following a policy of noninterference in the internal affairs of other states, the government of Pakistan has not trained, armed or financed any Sikh militants. The charge that there are Sikh guerrilla training camps in Pakistan is totally baseless. If India has "irrefutable evidence" of Pakistan's involvement, it should let this be known to the world.

AKRAM SHAHEEDI,
Press Attaché,
Embassy of Pakistan, London.

Gruber: Not a Socialist

In your report (March 5) on Kurt Waldheim's Nazi-era activities you mention that later, in 1946, he was appointed private secretary to Karl Gruber, then Austrian foreign minister, "a Socialist." Mr. Gruber was never a Socialist but belonged to the conservative Austrian People's Party.

FRIEDRICH EPSTEIN,
Vienna.

Comment Out of Bounds

Rob Hughes should stick to soccer. His remark about Finland (March 5) that the Russians "dictate the way they live" insults a country that has fought and worked hard to achieve independence and enjoys a vigorous parliamentary democracy.

R.A. FLEMING,
Alaró, Majorca, Spain.

Generally I enjoy Rob Hughes's articles on soccer. Technically speaking, he seems competent. But I am tired of his slurs on Italians — such as, "Nobody wears a cloak of persecution like an Italian" (Feb. 26). As a fellow journalist, I would never write "Nobody is quite as gay as an Englishman." Why not simply write about soccer? He is good at it.

DANTE MATELLI,
Rome.

SATURDAY-SUNDAY, MARCH 29-30, 1986

ECONOMIC SCENE

Series of Positive Events
Makes a Case for Euphoria

By LEONARD SILK
New York Times Service

NEW YORK — Euphoria is the order of the day on Wall Street. Market sages, remembering 1929 and other disasters, tell us that euphoria always self-destructs and that belief in a "new era" is always the beginning of the end. But is there a legitimate case for euphoria—or at least confidence that the markets are reacting correctly to a remarkable combination of positive developments that override the negatives?

And if this is not a new era, in the sense that nothing can go wrong on the road to riches, is there good reason to believe that the economy and the stock market can continue to roll onward and upward for several months to come? Stocks rose again Thursday.

One dramatic indicator of worldwide confidence in the U.S. economy this week was the behavior of the foreign-exchange and gold markets in the face of fighting between the United States and Libya in the Gulf of Sidra and the events in Central America and South Africa. The dollar rose sharply, and the price of gold fell. Ordinarily, in times of rising international tension, holders of foreign currency rush into gold as a safe haven.

Doubtless some did, but they were overwhelmed by others who, seeing the clash off Libya as just one more blip in a highly troubled world but unlikely to lead to World War III or even a good-sized regional war, focused on a more important event: the continuing decline of the price of oil and the erosion of the power of the Organization of Petroleum Exporting Countries.

At a conference on the impact of declining oil prices at the United Nations in New York, Luis Enrique Bernabeu, minister counselor for petroleum and economics at the Venezuelan Embassy in Washington, told a group of bankers, economists, oil company executives and diplomats that "OPEC is not a cartel," the scoffing reaction of those from non-OPEC nations was that the speaker should have said OPEC is not a cartel "anyone." Like all such combinations, they felt, OPEC certainly looked and acted like a cartel when prices were rising but, as commonly happens to cartels, fell apart when prices were falling.

For Mexico, Texas's chief economist, said the present price of crude oil, in the vicinity of \$14 a barrel, is a short-term result of the fact that "Saudi Arabia is no longer a patsy," no longer willing to play the role of swing producer by absorbing the output cut needed to stabilize prices.

THE CONSENSUS of the oil experts at the UN meeting was that the price of oil would stay volatile, oscillating within a range of \$10 to \$20 a barrel. Only a few thought it might break below \$10 because of the danger that too low a price would bring political retribution upon the Saudis from other OPEC members, possibly even invasion from Iran.

Declining oil prices have brought about an enormous shift of income from oil producers to consumers, amounting to close to an estimated \$180 billion a year. That shift implies greater economic growth for the industrial countries. John H. Lichtblau, president of the Petroleum Industry Research Foundation in New York, estimates that the \$10 oil-price drop could mean an increase of as much as one extra percentage point in the rate of growth in the industrial world's real gross national product.

Enzo Grilli, assistant director of the World Bank's department (Continued on Page 9, Col. 1)

U.S. Index
Higher in
February

Rebound Seen
In 0.7% Rise

The Associated Press

WASHINGTON — The index of leading indicators, a key barometer of future U.S. economic activity, jumped a sharp 0.7 percent in February, and analysts and government officials said the gain shows the economy is poised for a strong rebound.

The Commerce Department said the increase was the strongest since December, when the index rose 1.5 percent for its biggest gain in more than two years.

The department also revised the January index to show that it was unchanged from December. It had originally reported a fall of 0.6 percent, sparking concern about a possible economic slump.

"The new figures are the latest in a continuum of strong economic news," said the White House spokesman, Larry Speakes. "There can be little doubt that 1986 will be a very prosperous year for a growing number of Americans."

As measured by the gross national product, the total output of goods and services, the economy grew just 2.2 percent in 1985, the slowest rate since the recession year of 1982. The Reagan administration is forecasting that growth this year will be a robust 4 percent.

While many private analysts agreed that falling oil prices and lower interest rates will spur growth, some cautioned that the rebound may not come until the second half of the year.

"We have a current pattern that is sluggish," said Lawrence Chimerine, president of Chase Economics, a private consulting firm. He noted that consumer spending has been weak this year and factory production fell in February.

"But the underlying fundamentals — oil prices, interest rates and the dollar — are getting better," he said. "This suggests that the economy is going to pick up in the second half of the year and the leading indicators are telling us that. We will have modest growth but no boom."

Two-thirds of the February increase came from a big jump in new orders for business equipment. Analysts said this increase showed growing optimism that the falling dollar will help boost sales in coming months.

After the rise in capital-equipment orders, the biggest positive factors were a rise in stock prices, an increase in the money supply, a gain in the number of new businesses and a slowdown in the pace business shipments were made, reflecting increasing demand.

JAL to Fly
To London
Nonstop

United Press International

TOKYO — Japan Air Lines said Friday that it will begin the first regular nonstop flight between Tokyo and London over Siberia, while its top rival, All Nippon Airways, prepared to expand into the competitive trans-Pacific market.

A recent decision by the government to abolish JAL's monopoly on overseas air service enabled ANA, Japan's largest domestic carrier, to compete with the flag carrier internationally.

JAL said a weekly Tokyo-London flight, beginning April 1, is part of an expansion that includes a new service between Tokyo and Atlanta, starting in July, and four weekly flights between Honolulu and Nagoya, Japan's fourth largest city, about 186 miles (300 kilometers) west of Tokyo, beginning April 4.

Service to Australia will be bolstered with the addition of two joint operations with Qantas, Australia's flag carrier, linking Tokyo with Perth, Cairns and Brisbane, JAL said.

It said 10 new Boeing jetliners, seven 747s and three 767s, will boost the company's fleet of 87 aircraft, which includes 55 747s.

ANA's president, Taiso Nakamura, said Friday that the airline also hopes to start regular service soon to Beijing and Shanghai.

JAL presently is the only Japanese airline serving Beijing and Shanghai.

ANA will inaugurate five weekly flights between Tokyo and Los Angeles on July 16 and three weekly nonstop flights between Tokyo and Washington on July 26. It is the first Japanese airline linking the two capitals directly.

Mr. Nakamura said he anticipates that the Tokyo-Washington route will be profitable with an estimated 60 percent load factor in 1987, saying he expected the route to break even during its initial year.

ANA now operates a fleet of 95 aircraft, including 17 Boeing 747-SR jumbo jetliners. It said it will purchase two 747-LR advanced jumbo jets for use on the trans-Pacific service in June.

Pinching Pennies in the Land of Yen

Melons Cost \$45
While Cheerios
Top \$5 a Box

By Clyde Haberman
New York Times Service

TOKYO — Modern Japan has long been an expensive place, but for many Americans who visit or live here, things are starting to get out of hand.

Herbert F. Hayde went to the barber recently for his regular haircut and manicure, and gulped extra hard after paying the equivalent of \$57. "One may wait a little longer for the next haircut," decided Mr. Hayde, who heads Burroughs Corp. in Japan.

Not that he expects people to feel sorry for him. Like many Tokyo-based American business executives, Mr. Hayde is cushioned by company policy against the more severe blows of the mighty yen, which on March 18 touched a postwar high against the dollar of 174.25 in New York.

(The yen closed Friday in Tokyo at 179.95 amid signs that Japan is acting to stem its rise.)

Even so, with the dollar worth about 32 percent less than a year ago, life in Japan has suddenly become a bit more painful for all Americans, whether they are business people, military personnel, diplomats, students or tourists.

And the crunch is coming as a number of American investment houses are planning to send even more Americans here to take advantage of Japan's easing of restrictions against both foreign participation in its financial markets and Japanese investment abroad.

What they will find is a city where a bone-dry melon now sells for as much as \$45 and butter costs \$4.35 a pound. Climbing into a taxicab means paying \$2.65 at the outset.

It costs \$8.50 to go to a movie



American businessmen in Tokyo's business district, and Americans dining at Chinzanso restaurant in Tokyo.

and \$9.25 to buy a pound of coffee. In one recent newspaper advertisement, the rent on a well-situated house in Tokyo (three bedrooms, dining room, five-minute walk to the subway) was \$7,425 a month. Sorry, the rental agent said, heating and utilities were extra.

Of course, not everything is so expensive. Bean sprouts sell at 35 cents for a large bag, and one can get a nourishing bowl of vegetables and noodles in soup for \$3 or less. Calls from public phones can be made for the equivalent of a nickel.

But the fixed-price tempura lunch that was a bargain at \$6 now looks, to many Americans, a bit pricey at \$8 or more. At the U.S. Embassy, one group that used to conduct business over a weekly lunch at a nearby restaurant now holds a "brown-bag meeting" in the office.

"Our cafeteria's really crowded these days," a diplomat said. Unfortunately for U.S. officials, the State Department's re-adjustment of cost-of-living allowances tends to lag behind fast-changing economic reality just enough to make life uncomfortable.

The same holds true for some American companies. "I used to be able to put a regular portion of my pay into (Continued on Page 9, Col. 1)

Renault Losses
In '85 Estimated
At \$1.5 Billion

By Axel Krause
International Herald Tribune

PARIS — Renault, France's government-owned automaker, said Friday that its estimated net loss for 1985 was 10.9 billion francs (\$1.5 billion), smaller than the 12.5-billion-franc loss in 1984.

The 1984 losses were the largest ever for a French company.

The company's goal remains to become profitable by the end of 1987 or early 1988, a spokesman said after Georges Besse, Renault's chairman, presented the 1985 results to the board.

"We will remain in deficit, but the improvements should continue," the spokesman said. Renault's sales last year rose 3.9 percent to a record 122.1 billion francs, while investments fell from 9.9 billion francs in 1984 to 8.2 billion francs, the company reported. The sales figures exclude American Motors Corp., which is 46.4 percent owned by Renault, and Mack Trucks Inc., in which Renault has a 45-percent interest.

The reduction in losses began during the second half of last year, a company spokesman said. He said the company followed a policy of reducing inventories, increasing exports and obtaining moderate price increases for all models in July, while pursuing job cuts.

The main improvement came in the company's truck, bus and industrial-vehicle division, whose pretax net loss was 1.9 billion francs, compared with 2.7 billion francs in 1984. The division accounts for 13 percent of total sales.

However, the pretax losses of the company's automobile division, accounting for 72 percent of sales, widened in 1985 to 10.9 billion francs from 9.8 billion francs in 1984, the company reported.

A spokeswoman for Peugeot said Friday that the group would not report its 1985 financial results before June. However, she confirmed earlier estimates that Peugeot expected to report a small net profit for 1985 and that the group's profitability would continue rising throughout 1986.

"As Mr. Calvet has said, we are only at the beginning of a long path to recovery," she said.

In 1984, the Peugeot group's consolidated net loss was 341 million francs, compared with 2.59 billion francs in 1983.

Pretax losses in other divisions, including the farm-implementation sector, were 321 million francs, compared with 927 million francs in 1984. The company's financing affiliates earned about 1 billion francs, the company reported.

Renault is sticking with its plans to lay off 21,000 workers by the end of 1986, which would reduce its work force in France to 77,000 from 98,000 at the end of 1984, the spokesman said.

In terms of production, Renault currently ranks sixth in the world, behind General Motors Corp., Toyota Motor Corp., Ford Motor Co., Nissan Motor Co. and Volkswagen AG. Two years ago, Renault was in fifth place.

On Wednesday, Alain Madelin, the new minister of industry, held meetings with Mr. Besse and with Jacques Calvet, chairman of Peugeot SA, France's second-largest automaker, which is privately owned. Neither the executives nor the minister commented on the subject of the meetings, which an industry executive said were aimed at "getting acquainted and discussing the problems facing the automobile industry."

Mr. Madelin, 40, the son of a Renault worker, has been a deputy in the National Assembly since 1978. He belongs to the Republican party, a small group in the conservative coalition that won the March 16 parliamentary elections.

He is one of the most outspoken advocates for reducing the government's role in the economy and is widely expected to continue pursuing the policy of his predecessor, Edith Cresson, aimed at restoring France's two automakers to profitability.

Philips Chief Says Electronics in U.S. in Danger

By Sam Jameson
Los Angeles Times Service

TOKYO — A bottom-line philosophy and short-term goals have triggered a disastrous movement in the U.S. electronics industry that endangers its survival, Wisse Dekker, president of the giant Dutch Philips NV, said here this week.

Calling his company "the only international company holding its ground, and more, against Japan in the field of consumer electronics," Mr. Dekker bemoaned U.S. companies' abdication from the field. "There is hardly anything left" in consumer-electronics manufacturing in the United States, he said.

He forecast that this will make it clear to U.S. electronics companies that "eventually it will be impossible for a diversified electronics industry to survive if the industry is not actively involved in consumer electronics."

He criticized U.S. electronics companies for failing to respond to Japan's challenge. He said that, many years ago, when Japan started to produce more attractive and better-priced products, most of the U.S. companies engaged in consumer electronics did not worry about how to

respond but rather started buying products from Japanese sources, marketing them under their own label.

"Thus they paved the way for their most formidable competitor: Japan," he said. He said that today, none of the more advanced consumer-electronics products is made in the United States.

"Not one of the 12 million VCRs sold in the United States is manufactured there. The same is true for compact-disk equipment. There are other examples and, most certainly, more to follow in the future."

He said U.S. industry has suffered many setbacks because it has dropped out of manufacturing consumer products.

Not only is the consumer electronics field growing by 25 percent a year, but miniaturization, digitalization and integration in consumer electronics are linked with professional systems that integrate computers and telecommunications, he said.

"If you drop out of the learning curve, you will never be able to get back in," he warned. Mr. Dekker said the U.S. failing



Wisse Dekker

had taught his company "a very important lesson."

"We must guarantee a place for our electronic industry in the information and communications technology-driven economies of the future," he said.

"To do that, we must maintain our capabilities to develop integrated circuits, components, laser and other kinds of technology expertise associated with the consumer electronics sector of today to stay in the learning curve."

Production of the videocassette recorder itself, Mr. Dekker said, is not so important for its own sake "but rather for the technology that goes with the VCR: Lasers, ceramics, heads, magnetics and a thousand other things."

Mr. Dekker said the vulnerability of the U.S. electronics industry, because of its concentration in computers and digital devices, already has been demonstrated by the boom and bust in sales of personal computers in 1984 and 1985.

U.S. Capital Rules Eased
For Farm, Energy Banks

The Associated Press

WASHINGTON — Federal regulators took coordinated action Friday to help U.S. banks that have been hard hit by problems with agriculture and energy loans.

New guidelines to help the bank were issued by the Office of the Comptroller of the Currency, the Federal Reserve Board and the Federal Deposit Insurance Corp.

The package generally includes permission for some banks to allow their capital temporarily to fall below the currently required 6 percent of assets. Qualifying banks would be able to let their capital — their cushion against losses — fall as low as 3 percent without being subject to regulatory sanctions.

Also included in the packages is use of an accounting rule that permits restructuring of delinquent debt, as long as the original principal amount ultimately will be repaid, and an easing of the requirement that restructured loans be counted as nonperforming assets.

Banks would qualify only if they could show that they could meet the normal standards again in five to seven years.

The action came as Congress adjourned for a week-long Easter break without passing legislation that farm groups had sought to achieve the same regulatory changes in time for the spring farm lending season.

The changes, endorsed earlier in the week by the Senate Banking Committee, became bogged down as senators sought to load the legislation up with unrelated riders on other banking issues.

Worried that nothing would be done before Congress's April 8 return, 30 senators wrote the three

Currency Rates

Cross Rates	March 27/28
Australian dollar	1.4825
Belgian franc	36.36
British pound	1.6450
Canadian dollar	0.7125
Deutsche mark	1.3660
French franc	6.55
Italian lira	2036.26
Japanese yen	174.25
Netherlands guilder	3.7603
Portuguese escudo	200.48
Spanish peseta	166.64
Swiss franc	1.4536
West German mark	1.3660
Yen	174.25

Other Dollar Values	March 27/28
Australian dollar	1.4825
Belgian franc	36.36
British pound	1.6450
Canadian dollar	0.7125
Deutsche mark	1.3660
French franc	6.55
Italian lira	2036.26
Japanese yen	174.25
Netherlands guilder	3.7603
Portuguese escudo	200.48
Spanish peseta	166.64
Swiss franc	1.4536
West German mark	1.3660
Yen	174.25

Source: Reuters. Other data from Reuters and AP.

Interest Rates

European Deposits	March 27
1 month	7.75%
3 months	7.75%
6 months	7.75%
1 year	7.75%

Key Money Rates	March 27/28
Discount Rate	5.50%
Prime Rate	7.75%
3-month Treasury Bill	7.75%
6-month Treasury Bill	7.75%
1-year Treasury Bill	7.75%

Asian Dollar Deposits	March 27
1 month	7.75%
3 months	7.75%
6 months	7.75%
1 year	7.75%

U.S. Money Market Funds	March 27
1 month	7.75%
3 months	7.75%
6 months	7.75%
1 year	7.75%

Gold	March 27
1 ounce	\$350.00
100 ounces	\$35,000.00
1 ton	\$3,500,000.00

Markets Closed	March 27/28
London	Closed
Paris	Closed
Frankfurt	Closed
Amsterdam	Closed
Brussels	Closed
Geneva	Closed
Basel	Closed
Zurich	Closed
Vienna	Closed
Berlin	Closed
Munich	Closed
Düsseldorf	Closed
Cologne	Closed
Stuttgart	Closed
Heidelberg	Closed
Frankfurt	Closed
Amsterdam	Closed
Brussels	Closed
Geneva	Closed
Basel	Closed
Zurich	Closed
Vienna	Closed
Berlin	Closed
Munich	Closed
Düsseldorf	Closed
Cologne	Closed
Stuttgart	Closed
Heidelberg	Closed
Frankfurt	Closed
Amsterdam	Closed
Brussels	Closed
Geneva	Closed
Basel	Closed
Zurich	Closed
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Frankfurt	Closed
Amsterdam	Closed
Brussels	Closed
Geneva	Closed
Basel	Closed
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BUSINESS PROFILE / Stanley C. Pace, New Chairman and Chief Executive of General Dynamics Corp.

Using Gentle Persuasion to Alter a Business Ethic of 'Catch Me If You Can'

By Nicholas D. Kristof
New York Times Service

ST. LOUIS — As his B-2 bomber tumbled from the sky over Germany 42 years ago, the pilot, Stanley C. Pace, leaped through a wall of flames and plunged from the bomb bay, parachuting to the ground. He spent months recovering from his burns in a German hospital, then was shipped to a prison camp, but he survived.

Now Mr. Pace, 64, has taken another plunge — but this one places him where the fire is hottest. Last May, on the brink of retirement, he left the security of TRW Inc. to join the embattled General Dynamics Corp. His mission: to restore credibility to the leading U.S. military contractor — the producer of the M-1 tank, F-16 jet fighter, Trident submarine, and Tomahawk and stealth cruise missiles.

Mr. Pace joined General Dynamics as vice chairman and chief executive, replacing David S. Lewis. Known in business circles for his honesty and fairness, Mr. Pace was brought in after the navy suspended the company from new contracts because of "pervasive" misconduct.

Reinstated three months later, General Dynamics was again suspended in December — four weeks before Mr. Pace became chairman and chief executive. The new suspension came on the heels of a federal indictment in which the company and four present and past executives were accused of illegally billing the government for cost overruns.

Quieting congressional and press criticism will be an immense challenge for Mr. Pace. Government investigators are still poring over company records and may dig up further embarrassments. But Mr. Pace says he is determined to forge a new era, although critics say he

may find it difficult to convey his resolve to each of his 100,000 employees. "Getting something to percolate down is a hell of a struggle," said Everett Pyatt, assistant secretary of the navy.

And Mr. Pace may be hampered in that struggle by his much-acclaimed humanity. Colleagues universally describe him as humane, diplomatic and intelligent, but the word "tough" never comes up. Indeed, he has not fired anyone. "I decided not to be judge and jury of the past, because there was nothing I could do about it," he said. "I see no basis for firing 25 or 50 of the top people."

Still, his efforts so far to change what Mr. Pyatt calls a "corporate ethic of 'catch me if you can'" helped to win the company reinstatement from its second navy suspension. Under a much-criticized agreement entered into last month, General Dynamics can receive new contracts even if it is indicted again for past conduct. In return, it has agreed to reimburse more than \$22 million to the government, and to create a \$50-million escrow account to cover any future liabilities. The agreement is viewed as a triumph of sorts for Mr. Pace.

With all this, Mr. Pace must decide whether General Dynamics should diversify. About 89 percent of 1985 revenues came from government contracts, virtually all of them with the military and the National Aeronautics and Space Administration. But, last year, the company purchased Cessna Aircraft Co., which makes business and personal aircraft, for \$675 million in an effort to lessen dependence on the military. Now Mr. Pace has hired McKinsey & Co. consultants to study further diversification.

It is a risky business. "Diversification is not something defense companies have been able to do



Stanley C. Pace

successfully," said Gary J. Reich, an analyst at Wertheim & Co. In the case of General Dynamics, he added, "it would be very foolish to try to diversify out of defense, because management doesn't know other areas."

For now, Mr. Pace is concentrating on an area that he, and the public, has become all too familiar with — business ethics at General Dynamics. He is leading an ethics campaign that has its roots in the company's first reinstatement pact with the navy last summer.

"What I want to avoid is a continuation of this vulnerability," he said. "It's not just a question of writing a memo and pronouncing it from on high; you have to get it implemented with all 100,000 people."

In January, Mr. Pace summoned division heads to the St. Louis headquarters to discuss the new emphasis on ethics. A brochure has been distributed to all employees. A one-day workshop on new business-ethics policy is being held for all top managers.

Eventually, all workers will participate in this seminar, which begins with a videotape of Mr. Pace asserting the importance of filling time cards out properly and of playing fairly with the government. Time cards now carry the message, "mischarging is illegal."

Hotlines have also been set up for employees to report misconduct. And corporate expense-reimbursement rules have been revised. Some are quite specific, clearly intended to correct past abuses or the appearance of impropriety.

Employees may be reimbursed for dry cleaning on business trips of more than five days, but no longer for hotel movies.

Employees no longer may bill the government for alcoholic drinks consumed with meals.

They may not bill the government for shorthouses or for boarding their pets. (Last year General Dynamics was criticized and mocked when it was found that an executive had charged the government for the costs of lodging his dog in a kennel.)

Will the ethics campaign take hold? Interviews with scores of workers at three General Dynamics divisions in San Diego suggest it is having some impact, but morale is still low and frustration high. For welders, painters and other relatively low-level workers, Stan Pace is still a distant figure, despite the brochures and videotapes.

There does seem to be a greater sensitivity to ethical questions. Workers now fill out their own time cards, while in the past their managers sometimes did it for them.

And two weeks ago, a worker in San Diego, who said his boss ordered him to falsify his hours, protested for the first time. A meeting was hurriedly held, the manager denied the charges, and the confrontation ended in a stalemate. But workers felt the protesting employee triumphed, and doubted the manager would make any future suggestions about time cards.

As he works to shape up the company's image, Mr. Pace is also trying to determine General Dynamics' general course. Even without new projects, the company's existing programs to build tanks, jet fighters, submarines, cruise missiles, NASA rockets and scores of other government products will continue well into the 1990s, earning it steady revenues for another decade. Ironically, for all the criticism of General Dynamics' business ethics, its products are widely regarded as technically excellent. The F-16, for example, has delighted pilots and is the first American fighter plane that cost less to build than its predecessor.

"None of these big programs is in danger of being chopped out from under them," said Jerry Cantwell, an analyst at First Manhattan Securities. "They may be nicked in the budget process, but they have a very solid foundation."

But to get growth — and not just steady sales — Mr. Pace must diversify away from defense, making more purchases like the Cessna acquisition. Or he must win big new military contracts, like the advanced tactical fighter the Air Force would like to see built. Herbert F. Rogers, general manager of the division that builds the F-16, calls the new fighter a "must-win program," and the company has assigned hundreds of workers to develop a proposal for the project.

Mr. Pace is eyeing electronics,

space research and the Reagan administration's Strategic Defense Initiative, which are likely to command an increasing share of the military budget. The company is relatively weak in these areas, but Mr. Pace says he is looking for acquisitions.

He also says that the company may make a major purchase this year — perhaps outside the military industry.

For Mr. Pace, the road to the pinnacle of the military industry began at the U.S. Military Academy at West Point in the late 1930s. He encountered General Dynamics for the first time as pilot. The B-24 planes he flew were built by a San Diego company that later was absorbed by General Dynamics. It was on his 39th combat mission that he was shot down. He was liberated by the Russians in 1945.

He joined TRW, the Cleveland-based military contractor, in 1954, eventually becoming president and vice-chairman, and was ready for retirement when he was approached last spring by General Dynamics. Mr. Pace said then he would serve as General Dynamics' chief for a maximum of five years.

Lawyer Charged In Insider Case

New York Times Service

NEW YORK — An attorney at a law firm retained by GAF Corp. in its recent takeover offer for Union Carbide Corp. has been charged by federal authorities with passing inside information about the bid to a stockbroker.

In a criminal complaint Thursday, the Securities and Exchange Commission said Michael N. David, of Paul, Weiss, Rifkind, Wharton & Garrison, passed information to Andrew D. Solomon, a research analyst for Marcus, Schloss & Co., an arbitrage firm. Mr. David was arrested Thursday and released on bail. Mr. Solomon was not arrested.

Marcus, Schloss subsequently traded on that information, a Justice Department spokesman said.

Seoul to Open Economy To Attract Investment

Agence France-Press

SEOUL — South Korea plans to open its market fully to foreign insurance companies by 1991, pass legislation protecting foreign copyrights and patents and further open the private sector to foreign investment, the Economic Planning Board said Friday.

The measures are aimed at attracting a billion dollars in foreign investment by 1991, the end of the five-year economic plan, it said.

Yen's Rise Pinches Lives Of Americans in Japan

(Continued from Page 7)

the bank," said an American who has not had a salary adjustment since the dollar began tumbling especially fast several months ago. "I'm not saving anything now."

American baseball players in Japan's major leagues usually take most of their pay in dollars. But Leron Lee, an infielder with the Lotte Orions, grew sufficiently worried recently to ask for his salary in yen, which protects him as long as the dollar remains depressed.

But many American companies, perhaps most, abide by well-established policies that shield against the harsher effects of the weakened dollar. For example, Chase Manhattan Bank's 33 non-Japanese employees, most of them Americans, are paid in dollars, but their salaries are adjusted at regular intervals to account for exchange-rate fluctuations. Ordinarily, this is done every three to six months, according to the bank's general manager, Robert H. Binney. Lately, however, re-evaluations have been speeded up to every month or two.

"We will, if necessary, adjust again," Mr. Binney said.

Employees here of International Business Machines Corp. are paid under a mildly complex formula that mixes dollars and yen, with much of the yen portion taking the

form of an allowance that is reviewed periodically. Honeywell Inc. readjusts salaries every month, relying on cost-of-living figures prepared by Organization for Economic Cooperation and Development, a widely used research company in the United States.

At Morgan Guaranty Trust, employees receive a basic dollar-based salary, supplemented by a fixed yen allowance that is calibrated upon arrival for high Tokyo prices. "It works fine," one banker said, "but you still have to pay more than \$5 for a box of Cheerios."

Paul J. Penrose, managing partner at the accounting firm of Peat Marwick, has the best insulation of all — he is paid entirely in yen. "I've not heard of a case where companies have let people go down the chute," Mr. Penrose said.

Less certain was Mr. Hayde of Burroughs, who is also president of the American Chamber of Commerce in Japan. He says he knows of businesses, most of them small, that have let their employees suffer the effects of a de facto cut in pay of 30 percent or more.

Among the most vulnerable Americans are the 46,000 men and women in the armed services stationed in Japan. Some hard-pressed enlisted people are said to be considering sending their families home.

Also noticeably affected are the more than 400,000 American visitors to Japan each year, as well as thousands of other non-Japanese who come here with dollars as their preferred currency.

Package-tour sales for foreigners are down 10 percent from last winter, according to Hideaki Aihara, an official at the Japan Travel Bureau. Joyce B. Wouters, a spokeswoman for American Express International, expected a similar decline to develop by late spring in her company's bookings from the United States to Japan.

"At the moment, Japan is looking very expensive," she said.

Over all, American companies seem to be more resilient than they were in 1978, the last time the dollar sank to the 175-yen level. Operating costs may be higher and the need for money-saving economies may grow increasingly important. But most companies insist that it is too early — and Japan is much too important — for them to think about trimming staffs or looking for smaller offices.

China to Relax Price Controls

Agence France-Press

HONG KONG — China will this year relax its controls over consumer prices, which in 1985 leapt 15 to 20 percent in major cities, it was reported Friday in Hong Kong.

While a 9-percent increase was recorded in consumer prices for the whole country in 1985, the rise was much higher in major cities, the Hong Kong daily Wen Wei Po quoted a senior Chinese official as saying.

The director of Beijing's State Administration of Commodity Prices, Cheng Zhiping, attributed the sharp rises mainly to government regulations and partly to market fluctuations.

"There will be no major price adjustments this year," he was quoted as saying. "Only very little state control will be applied on prices which appear notably unreasonable."

U.S. Sues General Dynamics For Alleged Fraud on Costs

Los Angeles Times Service

LOS ANGELES — The U.S. Justice Department has filed suit against General Dynamics Corp. for allegedly defrauding the government of \$3.2 million during 1979 and 1980 on a contract to build a prototype anti-aircraft gun.

The suit, which is likely to be among the largest civil suits ever against a military contractor, is an outgrowth of criminal indictments handed down in December against four current or former company officials. The legal actions spring from allegations that the company's Pomona, California, division shifted nearly \$13 million in cost overruns from a fixed-price contract on the Sergeant York gun to various overhead accounts that are reimbursed by the government.

The civil suit, filed Wednesday in Los Angeles, does not seek specific damages. But by "fraudulently mischarging" the army, the compa-

ny was able to cut its non-reimbursable losses by \$3.2 million, said the U.S. attorney, Robert Bonner.

A General Dynamics spokesman, Peter Connolly, said: "We think when all the facts are presented, the cases will be resolved in the company's favor."

Thai Petroleum Output Falls

Reuters

BANGKOK — Thai crude oil production fell to 594,472 barrels in February from 632,817 in January but was up from 517,997 a year earlier, the Mineral Resources Department said Friday.



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Herald Tribune

World Stock Markets

Via Agence France-Press March 28

Closing prices in local currencies unless otherwise indicated.

Market	Close	Prev.	Market	Close	Prev.
Amsterdam	100.00	99.50	London	100.00	99.50
Bombay	100.00	99.50	Hong Kong	100.00	99.50
Buenos Aires	100.00	99.50	Kobe	100.00	99.50
Calcutta	100.00	99.50	Manila	100.00	99.50
Canton	100.00	99.50	Osaka	100.00	99.50
Colon	100.00	99.50	Seoul	100.00	99.50
Hankow	100.00	99.50	Singapore	100.00	99.50
Harbin	100.00	99.50	Taipei	100.00	99.50
Hong Kong	100.00	99.50	Tokyo	100.00	99.50
Kobe	100.00	99.50	Yokohama	100.00	99.50
London	100.00	99.50			

Floating-Rate Notes

Market	Close	Prev.	Market	Close	Prev.
Amsterdam	100.00	99.50	London	100.00	99.50
Bombay	100.00	99.50	Hong Kong	100.00	99.50
Buenos Aires	100.00	99.50	Kobe	100.00	99.50
Calcutta	100.00	99.50	Manila	100.00	99.50
Canton	100.00	99.50	Osaka	100.00	99.50
Colon	100.00	99.50	Seoul	100.00	99.50
Hankow	100.00	99.50	Singapore	100.00	99.50
Harbin	100.00	99.50	Taipei	100.00	99.50
Hong Kong	100.00	99.50	Tokyo	100.00	99.50
Kobe	100.00	99.50	Yokohama	100.00	99.50
London	100.00	99.50			

The Case For Euphoria

(Continued from Page 7)

of economic analysis and projections, said that falling oil prices were positive for the industrial countries for three basic reasons: the improvement in their terms of trade, with the prices of manufactured goods rising relative to oil and other commodity prices; the "wealth" effect resulting from consumers' having more money left in their hands as they pay out less for energy; and the disinflationary effect on general price levels resulting from declining oil prices.

It was these disinflationary effects that appeared to dominate the gold market this week, despite the tensions in the Gulf of Sidra and elsewhere in the Middle East as well as in Central America. Gold, with its ancient history as a medium of exchange and store of value, remains an alternative to currency and, hence, is the best indicator of inflationary expectations.

In the view of Jeffrey Christian, senior analyst of the commodity research group of J. Aron & Co., a division of Goldman Sachs Group, the current weakness of gold — it fell again Thursday — is further evidence of the market's belief that inflation is still coming down.

And that translates, especially with the help of a more stimulative U.S. monetary policy, into lower interest rates. The cut in the Federal Reserve's discount rate, in the midst of the struggle over policy and power that led to Preston Martin's departure from the Fed, is likely to be followed by future rate reductions, here and abroad.

So a remarkable concatenation of events has occurred: falling oil prices, sustained economic growth in the United States and other industrial countries, lower inflation, lower interest rates, and lower dollar and bond markets. It seems too good to last, but it is lasting.

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Italian State Bank to Cut Prime Rate on April 1

Reuters

MILAN — The state-controlled Banca Commerciale Italiana said Friday that it was reducing its prime rate to 15.25 percent, effective April 1. Its current rate is 16 percent.

The reduction in the prime rate, which is the rate the bank charges its most favored customers, was the first by a major Italian bank since the one-point cut in official discount rate to 14 percent on March 22.

مكتبة النهر

SPORTS

Paris Is Putting More Than Best Foot Forward in Seeking 1992 Olympics

USOC to Help Foreign Teams

Los Angeles Times Service
LOS ANGELES — More than a year after rejecting the bid, the U.S. Olympic Committee has agreed to reimburse foreign national Olympic committees for some of their housing costs at the Los Angeles Games in 1984.

Under terms of a compromise announced this week by officials of the International Olympic Committee and the U.S. Olympic Committee, the USOC will give up to \$1 million of its \$94-million surplus for distribution to the foreign committees. Each will be in proportion to the number of athletes it sent.

The USOC also will spend another \$3.2 million of the surplus on a foreign exchange program of athletes and coaches.

The IOC president, Juan Antonio Samaranch, first had asked that \$7 million be given to foreign committees to help defray their housing costs.

That idea was rejected by the USOC board in February 1985.

By Ron Wall
 Agence France-Press

PARIS — Paris has launched its campaign to entice the Olympics here in 1992, and is counting on its reputation as the City of Light to help its bid.

Between now and Oct. 17, when the 92 International Olympic Committee members meet in Lausanne, Switzerland, to choose a venue for the Games, the Parisians will have spent more than \$8 million courting international opinion.

There is no denying that Paris is very appealing, and purely sporting considerations are not the only ones taken into account when Olympic cities are chosen.

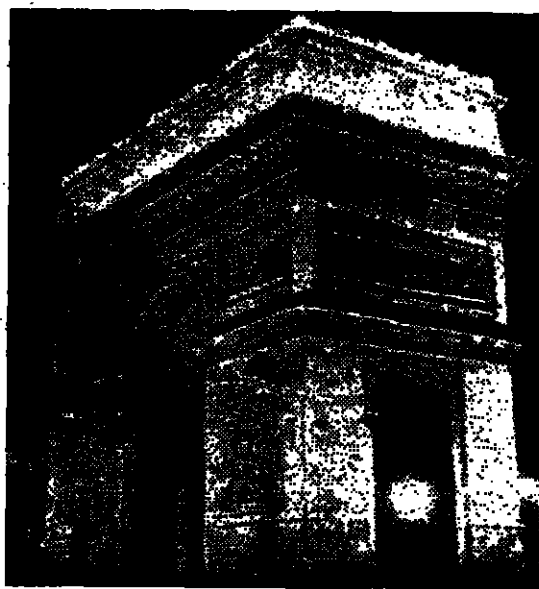
However, day one of the publicity campaign got off to a less than successful start this past week when Alain Danet, who is fronting the Paris bid, decided to spend more than an hour talking to 50 foreign journalists in French.

Danet, a 54-year-old architect, is president of the prestigious Racing Club, which had 25 athletes at the Los Angeles Olympics. He speaks perfectly good English, and by week's end, after numerous complaints, he was speaking to reporters in English.

But the first day's translation in the Paris architect's offices was too low and two-thirds of the reporters invited failed to understand a word of what they were being told.

Language barrier aside — English-speaking members of the IOC outnumber French speakers by 43-11 — Paris is a near-perfect site for the Olympics from the television companies' point of view. Where else can the cameras pan the Champ de Mars, where Napoleon's regiments trooped the colors, with the Eiffel Tower in the background.

However, who would have imagined Sarajevo would get the 1984 Winter Games — even the Yugoslavs were shocked — or that Seoul would be chosen ahead of the Japanese city of Nagoya for the next Games in 1988.



Arc de Triomphe: a Paris attraction.

Paris says it wants the Games in 1992 or not at all, and since Athens appears to have fallen out of favor in Olympic circles — officials in Greece refuse to get involved in the new marketing deal — then 1996 should be available for one of the runners-up.

Paris points out that 1992 coincides with the centenary of a speech by Baron Pierre de Coubertin, in the Sorbonne university lecture hall, that started the modern Olympic Games. The first modern Games were held in Greece in 1896.

Barcelona, which has been waging its campaign for the last two years, and will have ousted Paris by October, still is considered the favorite for 1992. Falun, Sweden, appears the front-runner for the Winter Games.

But the Parisians are making a powerful homestretch effort. The recent elections, which gave Jacques Chirac a country as well as a city to run, have even given them a prime minister as flag bearer.

Prime Minister Chirac gave his guests a rallying speech at the imposing city hall, stressing the prestige of Paris, the technical quality of the French facilities and the reception they would be able to offer visitors.

Another strong personality in the Paris bid is Monique Berlioz. The 61-year-old former director of the IOC, who lost her job after a quarrel with IOC President Juan Antonio Samaranch last year, knows well how to deal with IOC members.

She is spending her weekends compiling an eagerly-awaited book on the Olympics, although a reported golden handshake from the IOC was supposed to have preceded anything too revealing.

Historical monuments aside, Paris presents a very good case. As Danet pointed out, all the event sites were picked by the international federations.

Three-day evening and modern pentathlon, 40 miles (63 kilometers) out at Fontainebleau would be the furthest away save for yachting, which would be held at the Mediterranean resort of Hyeres. Danet conceded the coastal advantage held by Brisbane, Barcelona and Amsterdam in this respect.

But in Paris only an athletics stadium and swimming pool need to be built and, if the environmentalists do not object too loudly, the disused Pershing stadium — named after the World

War I U.S. general — in the Vincennes forest should be transformed into a futuristic arena.

That offers the advantage of being alongside the national sports institute, which would provide convenient training facilities. The pool would be in the village.

The initial 8-billion-franc (\$1.14-billion) budget leaves only 2 billion francs to be raised. Of that, the state would pay half, and the rest would be shared by the city of Paris and the regional council.

However, the fall in the dollar might call for a few revisions. When Paris drew up its initial budget, 16 months ago, officials hoped to raise 4 billion francs from television rights. That worked out to \$444 million then. It comes to \$570 million now and, as Seoul can testify, that sort of price tag would need some hard bargaining.

The South Koreans had to settle for \$300 million, signing their contract with NBC this week.

Paris, if it gets them, plans to stage the Games in the first two weeks of August, when a third of the city has deserted the capital for the beaches and the countryside, thus alleviating fears of traffic jams. In any case, Danet pointed out, the metro, or subway system, and road links would be able to handle the expected influx of visitors. One East-West freeway beside the river Seine would be blocked off for exclusive Olympic use.

Speculation that Paris would put pressure on the skiing resort of Albertville to step down as a candidate for the Winter Games — to make it easier for the French capital to get the Summer Games — was discounted.

If Albertville were to win the poll it is highly unlikely France would be given both Summer and Winter Games in the same year.

But both Danet and Michel Barnier, who heads the Albertville bid, have denied there will be any collusion. "It's up to the IOC to choose between us," Barnier said.

A Shorter Safari for Rally Drivers

Kenya Course Still Covers Tough, Spectacular Terrain
 Compiled by Our Staff From Dispatches
NAIROBI — Drivers in this year's Safari Rally, billed as the toughest motoring event, will have to look out for roaming Kenyan wildlife and the occasional one-throwing villager, as usual.

But the 76 cars entered in the 4th annual rally, which was to begin Saturday, will have a shorter course to complete — a modification that has some die-hard fans and competitors up in arms.

The Safari Rally has been trimmed by 620 miles (1,000 kilometers) for safety's sake and at the

Knicks Suffer New Injury, Another Loss

NEW YORK — While the Dallas Mavericks have continued to improve every season of their six-year existence, the New York Knicks' situation seems to get worse every day.

The Mavericks, who got 38 points from Mark Aguirre while beating the Knicks on Thursday night, 110-105, clinched a playoff



Bob Thornton of the New York Knicks, with the ball, pushes past James Donaldson, a Dallas defender, during the Mavericks' 110-105 victory Thursday night in New York.

SPORTS BRIEFS

UEFA Fines 7 Clubs for Misconduct

ZURICH (AP) — The European Soccer Union, UEFA, has fined seven clubs a total of \$47,350 for misconduct by teams or fans.

Xamax of Neuchâtel, Switzerland, was fined 25,000 Swiss francs (\$10,260) for unauthorized advertising by its players during a UEFA Cup quarterfinal game against Real Madrid on March 5. Xamax was fined \$10 for firecrackers having been thrown at the March 19 second-leg game.

Also fined \$10,260 was Hellas Verona of Italy for criticizing a referee. Teams fined lesser amounts were Rapid Vienna, Anderlecht of Belgium, Red Star Belgrade, Nantes of France and Inter Milan.

DH Rule Changed for World Series

NEW YORK (AP) — Baseball's playing rules committee has voted to allow the designated hitter in all World Series games played in American League stadiums starting this year, the commissioner's office announced.

The change, announced Thursday, is subject to approval by the Players Association. The DH was first used in all World Series games in 1976, and has been used in alternating years since. The American League has employed the DH for regular season games since 1973. The National League has never used it.

Berry AP Basketball Player of Year

DALLAS (AP) — Walter Berry of St. John's was named Friday the winner of the Adolph F. Rupp Trophy as The Associated Press choice as U.S. college basketball player of the year. Eddie Sutton, the rookie coach of Kentucky, was named coach of the year.

Berry, a 6-foot-8 (2.05-meter) junior center who averaged 23 points and 11 rebounds per game, received 66 of 192 votes in a poll of sports writers and broadcasters conducted before the NCAA tournament. Kenny Walker of Kentucky was second with 50.

Sutton won 35 votes for taking Kentucky to a 32-4 record and the Southeastern Conference title. Dick Versace of Bradley was second with 32 votes.

For the Record

George Ravelling was named basketball coach at the University of Southern California, replacing Stan Morrison, who became associate athletic director after an 11-17 season. Ravelling had been coach at Iowa for three years.

A severe groin injury will put Darryl Dawkins out for the remainder of the National Basketball Association season, the New Jersey Nets said Thursday. The team said the center might undergo surgery.

SCOREBOARD

Basketball

National Basketball Association Standings

EASTERN CONFERENCE			
Team	W	L	Pct.
Philadelphia	29	13	.690
Washington	28	14	.667
New York	28	14	.667
Atlanta	27	15	.643
Charlotte	26	16	.619
Orlando	25	17	.595
Indiana	24	18	.571
Chicago	23	19	.548
San Antonio	22	20	.524
San Diego	21	21	.500
Golden State	20	22	.476
Portland	19	23	.452
Seattle	18	24	.429
Utah	17	25	.405
Los Angeles	16	26	.381
Phoenix	15	27	.357
Memphis	14	28	.333
San Jose	13	29	.310
San Francisco	12	30	.286
Los Angeles	11	31	.262
Golden State	10	32	.238
Portland	9	33	.214
Seattle	8	34	.190
Utah	7	35	.167
Los Angeles	6	36	.143
Phoenix	5	37	.119
Memphis	4	38	.095
San Jose	3	39	.071
San Francisco	2	40	.048
Los Angeles	1	41	.024

Hockey

NHL Standings

WALDES CONFERENCE			
Team	W	L	Pct.
Washington	48	21	.693
Philadelphia	48	21	.693
NY Islanders	47	22	.682
Pittsburgh	46	23	.664
NY Rangers	45	24	.652
New Jersey	44	25	.640
Atlanta	43	26	.627
Montreal	42	27	.614
Quebec	41	28	.602
St. Louis	40	29	.589
Calgary	39	30	.577
Edmonton	38	31	.564
Winnipeg	37	32	.552
Los Angeles	36	33	.539
Vancouver	35	34	.526
San Jose	34	35	.514
San Francisco	33	36	.502
San Diego	32	37	.489
Los Angeles	31	38	.476
Phoenix	30	39	.464
San Jose	29	40	.452
San Francisco	28	41	.439
San Diego	27	42	.426
Los Angeles	26	43	.414
Phoenix	25	44	.402
San Jose	24	45	.389
San Francisco	23	46	.377
San Diego	22	47	.364
Los Angeles	21	48	.352
Phoenix	20	49	.339
San Jose	19	50	.327
San Francisco	18	51	.314
San Diego	17	52	.302
Los Angeles	16	53	.289
Phoenix	15	54	.277
San Jose	14	55	.264
San Francisco	13	56	.252
San Diego	12	57	.239
Los Angeles	11	58	.227
Phoenix	10	59	.214
San Jose	9	60	.202
San Francisco	8	61	.189
San Diego	7	62	.177
Los Angeles	6	63	.164
Phoenix	5	64	.152
San Jose	4	65	.139
San Francisco	3	66	.127
San Diego	2	67	.114
Los Angeles	1	68	.102

Transition

Baseball

American League

BOSTON — David Ortiz, Johnson and Mike Woodson, pitchers, to their minor league complex for reassignment.

National League

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Golf Body Lines Up Case Against New Putter

By Gordon S. White Jr.
 New York Times Service

PONTE VEDRA, Fla. — Golfers have had a love-hate relationship with their putters ever since the game was first played on the flat expanses along the North Sea in Scotland.

None of the 14 clubs in the bag is as precious to a golfer as his putter in times when the ball is dropping regularly into the cup. And none is so despised and subject to such violent treatment when the ball keeps sliding by the hole.

Now a new putter that looks like an unwrapped sleeve of golf balls has become a cause celebre in a federal court in Fort Worth, Texas, where Dave Pelz, the club's designer, has sued the United States Golf Association. The association ruled on March 21 that a version of the strange new club did not conform to the Rules of Golf.

Judge David O. Bielew Jr. handed down a ruling Tuesday stipulating that neither the Dave Pelz Golf Research Co. of Abilene, Texas, nor the USGA issue any further public statements regarding the conformity or nonconformity of the Pelz Putter until a preliminary hearing on the case is held in Judge Bielew's court next Tuesday.

Since the USGA sets equipment as well as playing standards for golf, the association's decisions can have an important bearing upon the financial future of a company that makes golf equipment.

This new putter, introduced on the PGA tour last fall, has been called "a golf ball that gave birth to triplets." About a dozen professionals, including Bernhard Langer of West Germany, D.A. Weir, Roger Maltbie and Lon Hinkle, have tried it in competition.

Weir said Tuesday he got approval last fall for use of the Pelz Putter from members of the PGA tour staff, who oversee conduct and rules of play on the tour and always abide by USGA's Rules of Golf.

The PGA tour, however, issued a directive

Puttering Around

The Pelz putter consists of three golf balls in a row with a metal blade in front and another metal blade at the rear.

The theory behind the design is that the three balls give the golfer a continuous line of sight.

Rule 4-1d: The length of the clubhead, from heel to toe, shall be greater than the breadth from face to back.

The club has been called "a golf ball that gave birth to triplets," but its inventor says it helps in aligning a putt.

Tuesday that it would continue to permit the club's use on tour until such time as the suit is decided.

Pelz explains the primary theory of the putter as optical. "The line of four golf balls in a row, including the one in play, makes it easier to align a putt visually," he said.

One version of the putter has a blade in front that is 2 1/2 inches (5.4 centimeters) long and a blade behind the three golf balls that is 5 1/2 inches long. According to the USGA ruling, this version of the putter does not conform to rule 4-1d, which says in part that

TPC Again Begins With Controversy

New York Times Service

PONTE VEDRA, Fla. — Some controversy has become an annual part of the Tournament Players Championship, the event held on the Tournament Players Club course owned and operated by the PGA Tour.

The 13th annual TPC was no exception Thursday when unrest boiled into angry words from the first group of golfers to finish the opening round.

Jodie Mudd, who shot par 72, and Kikuo Arai of Japan, who had 71, were fined \$500 each for slow play during a round that lasted 4 hours 3 minutes. They started on the 10th tee with Lon Hinkle at 7:15 A.M. and finished on the ninth green about 10 minutes ahead of the threesome that teed off on No. 1 at 7:15 and finished on the 18th green. The other threesome drew no fines.

One member of that other group, Tony Sills, birdied four of his last five holes to score six-under-par 66. He shared the first-round lead with Bob Tway, Ken Green, Larry Mize and Keith Fergus. A stroke back were Ray Floyd, Willie Wood, Lanny Wadkins and David Edwards.

As Sills was walking off the 18th green, where he sank an eight-foot (2.4-meter) birdie putt, Mudd was already before the tournament committee appealing his slow-play fine. It was to no avail.

After the hearing Mudd said, "We were not treated fairly."

He contested the times taken by officials who had clocked him and Arai at more than 45 seconds on at least four of their shots.

The threesome playing behind Mudd's group finished almost 20 minutes after it.

However, the PGA Tour does not put importance upon total time for a round as much as on time taken to hit shots during a round.

Some Place

Far Better

More Off Field

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